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# Daily Report

# Latin America

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# Daily Report
## Latin America

*FBIS-LAT-94-213*

## CONTENTS

*3 November 1994*

### CARIBBEAN

#### Cuba

U.S. Reported Issuing Visas at 'Accelerated Pace' *[Havana Radio]* ... 1
ANPP Opens Discussion on Migrant Issues *[PRENSA LATINA]* ... 1
    Alarcon Speaks on Migration *[Havana TV]* ... 1
    Alarcon Assails Holding of Rafters *[PRENSA LATINA]* ... 2
    Debate Concludes on 2 Nov *[Havana TV]* ... 2
Ideological Official on 'Hostages' at Guantanamo *[Havana Radio]* ... 3
Punishment of Rafters in Panama Reported *[PRENSA LATINA]* ... 3
Radio Cites Mexican President on U.S. Blockade *[Havana Radio]* ... 4
Russian Armed Forces Chief of Staff Departs *[Havana Radio]* ... 4
Report Previews 12th Havana International Fair *[LA ESTRELLA DE PANAMA 31 Oct]* ... 4
Study: 'Favorable Impact' From Farmers Markets *[Havana Radio]* ... 5
ANAP President Explains New Farmers' Markets *[GRANMA 1 Oct]* ... 5
Dissident Describes 'Subhuman' Treatment *[Madrid ABC 2 Nov]* ... 6
Politburo Member Gives Camilo Anniversary Address *[Havana TV]* ... 7
Senen Casas on FAR's Contribution to Society *[JUVENTUD REBELDE 16 Oct]* ... 9

### MEXICO

Salinas Gives State of Nation Address *[Mexico City Radio, TV]* ... 12
Police, PRD Activists Clash in Mexico City *[Mexico City TV]* ... 37
    Further on Clashes *[Mexico City TV]* ... 37
Transitional Chiapas Government Proposed *[EL FINANCIERO 31 Oct]* ... 38
New Zapatist Militia of Sierra Gorda Issues Communique *[LA JORNADA 1 Nov]* ... 39
Home of Accused in Ruiz Massieu's Murder Searched *[Mexico City TV]* ... 39

### CENTRAL AMERICA

#### El Salvador

FMLN Demonstrators Break Into Supreme Court *[San Salvador Radio]* ... 41

#### Guatemala

Secretary Arrested for Releasing Trafficker *[PRENSA LIBRE 1 Oct]* ... 41

#### Nicaragua

Sandinist Army: Weapons Sale to U.S., Canada Legal *[Managua Radio]* ... 41
Borge Takes Over as BARRICADA Board Chairman *[BARRICADA 1 Nov]* ... 42

### SOUTH AMERICA

#### Argentina

Brazilian President-Elect Visits, Meets Menem *[NOTICIAS ARGENTINAS]* ... 43
Menem Meets Ugandan President, Other Leaders *[NOTICIAS ARGENTINAS]* ... 43
Menem Rules Out Confrontation Over Falklands *[NOTICIAS ARGENTINAS]* ... 43
Menem Lauds Military Role in 'Fight Against Subversion' *[NOTICIAS ARGENTINAS]* ... 43
Army Chief Defends Part in Peace Missions *[TELAM]* ... 44

**Bolivia**

Cali Cartel Said To Have List of DEA Agents *[La Paz TV]* .... 44

**Brazil**

President-Elect Cardoso Discusses Agenda *[FOLHA DE SAO PAULO 29 Oct]* .... 45
Cardoso's Government Style, Main Advisers Viewed *[JORNAL DO BRAZIL 30 Oct]* .... 48
Management of Privatization Revenues Analyzed *[O ESTADO DE SAO PAULO 30 Oct]* .... 49
Government Information System Termed 'Unreliable' *[JORNAL DO BRASIL 30 Oct]* .... 50
Officers Seek To Revive Intelligence Service *[JORNAL DO BRASIL 30 Oct]* .... 50
Text of Government, Rio de Janeiro Anti-Violence Accord *[O GLOBO 1 Nov]* .... 50

**Colombia**

Rebels Ambush Police Trucks, School Bus; 12 Killed *[Santa Fe de Bogota TV]* .... 51

**Paraguay**

Chileans Express Interest in ANTELCO *[ABC COLOR 1 Nov]* .... 52
Taiwanese Foreign Minister Ends Visit; No Accords Signed *[ULTIMA HORA 2 Nov]* .... 52

**Peru**

Economy Minister Discards Salary Hike, Tax Cut *[LA REPUBLICA 25 Oct]* .... 52
Presidential Candidate Proposes Military Budget Cut *[LA REPUBLICA 24 Oct]* .... 53

**Uruguay**

Presidential Candidate Vazquez Views Elections *[CLARIN 31 Oct]* .... 54
New Sector Alliance Candidate Interviewed *[EL OBSERVADOR ECONOMICO 21 Oct]* .... 54
Presidential Candidates Back National Accord *[EL PAIS 27 Oct]* .... 57
New Armed Forces Operations Manual Approved *[BUSQUEDA 2 Nov]* .... 57
Correction to Sanguinetti Views Privatization .... 58

**Venezuela**

Government Issues Protest to Colombia Over Attack *[EL GLOBO 2 Nov]* .... 59
  Colombia Expresses Condolences *[Caracas TV]* .... 59
  Colombian Defense Ministry Issues Communique *[Caracas Radio]* .... 59
Minister Rules Out Withdrawal of OPEC Candidate *[Caracas Radio]* .... 60
Student Protest Turns Violent in Trujillo *[AFP]* .... 60
Congress Approves Additional Funding Request *[Caracas TV]* .... 60
Roundup of Economic Developments *[Caracas Radio, etc.]* .... 60

## Cuba

### U.S. Reported Issuing Visas at 'Accelerated Pace'

*PA0311031194 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Nov 94*

[FBIS Translated Text] To comply with the bilateral agreement signed with Cuba in September in New York, the United States has started to issue, at an accelerated pace, visas and immigration permits to Cubans at the Interest Section that Washington maintains in Havana.

A NOTIMEX report says that more than 200 visas and permits have already been granted to Cuban emigrants. In the next 12 months, the U.S. plans to authorize the emigration of approximately 25,000 Cubans who are relatives of U.S. residents, holders of provisional permits, or refugees that had been imprisoned for committing crimes against state security.

Last week, official representatives of the United States and Cuba reviewed the steps taken by the parties to comply with the migratory agreement. The two agreed that progress had been achieved on the matter. A similar meeting was proposed in upcoming weeks.

### ANPP Opens Discussion on Migrant Issues

*PA0311133494 Havana PRENSA LATINA in Spanish 0056 GMT 2 Nov 94*

[FBIS Translated Text] Havana, 31 Oct (PL)—A hearing was initiated today at the National Assembly of the People's Government [ANPP] to review and debate the migration issue and Cuba's policy on the matter.

The meeting, which was convened by the ANPP's Foreign Relations Commission and the Judicial and Constitutional Affairs Commission, featured the participation of deputies, representatives of study centers and specialized departments, analysts, reporters, and other guests.

Today's session opened with a special introduction by Ricardo Alarcon, president of the ANPP and chief of the Cuban negotiating delegation in the recent talks with the United States. Alarcon explained historical, ideological, and political characteristics of the migration problem.

Alarcon recalled that since the triumph of the Cuban Revolution in 1959, Washington has maintained a position of opposing the Cuban process, giving the migration issue a special role in this effort and manipulating the issue for political ends.

He indicated that among the U.S. objectives is an interest in portraying Cuba as a divided nation, as well as distorting the Cuban characteristics of what is a global problem.

Subsequently, Alarcon explained the agreement reached with the United States on 9 September in New York, a fundamental aspect of which is the elimination of the traditional U.S. policy of accepting in U.S. territory those illegal migrants who resort to violence to achieve their goals.

The following people participated in the ensuing exchange of opinions: Luis Suarez, Hugo Azcuy, and Ernesto Rodriguez from the Center of Studies on America; Roberto Regalado from the Communist Party's International Relations Department; Deputy Susana Lee; and others.

Esteban Morales from the Center of Studies on the Unites States, along with guests Jesus Arboleya and Julio Carranza, also took part in the meeting, and another group of speakers was announced for tomorrow's session.

An analysis of current Cuban migration legislation, recommendations on possible modifications of the current rules in this area, and opinions on the effects of the presence of Cubans in U.S. detention camps at the Guantanamo Naval Base and in Panama were discussed at the session.

The current hearing is the second held this year by the ANPP on issues of specific interest to public opinion and which also have international repercussions.

### Alarcon Speaks on Migration

*FL0311030794 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 2 Nov 94*

[From the "NTV" newscast]

[FBIS Translated Text] On 2 November, the Foreign Relations Commission of the National Assembly of the People's Government [ANPP] discussed migration issues at Havana's Convention Center. State and government officials, as well as Communist Party of Cuba [PCC] members, and also non-governmental organizations participated.

Many specialists, lawyers, and deputies interested in this international issue, and concerned about its repercussions in Latin America and the Caribbean, and particularly in Cuba, participated in the hearing. Ricardo Alarcon de Quesada, president of the ANPP, stated:

[Begin Alarcon recording] With regard to policy on this issue, and by the way is being manipulated, it is made to look like a new issue and nothing is further form the truth in Cuba and the world's historic evolution. [end recording]

The opinions expressed agree on the complication caused by the differentiation, implemented by United States with regard to Cuba between 1959 through last August, and other countries, which have had a much larger emigration over the years.

[Begin Alarcon recording] The migration issue, as a general and universal phenomena, is becoming, more and more, one of the big issues of the contemporary world, one of the big international problems, and nothing seems to indicate that it will loose importance. [end recording]

The migration issue is broad and complex, and today's discussion seems to be the beginning of a more extended analysis as suggested by the diverse views expressed by several of the participants.

[Begin recording] [First unidentified speaker] All of us here are aware of the complexity of the migration issue.

[Second unidentified speaker] Migration has not been an ordinary demographic event in Cuba, as it happens in the rest of the Latin American countries.

[Third unidentified speaker] Our solutions to the migration issue have not always been satisfactory, due to the predominance of the same political views during different periods.

[Fourth unidentified speaker] The United States has to date continued to use the migration issue as an instrument of aggression against Cuba. [end recording]

It seems difficult to separate the Cuban migration issue from the conflict between Cuba and the United States. The blockade against Cuba is one of the clearest expressions of this. Therefore, the hearing was described as very important by many participants, because it affects the Cuban people in some way or another. Regarding this debate, we can say that all the participants made it clear how migration problems, in Cuba or elsewhere in the world, affect people.

### Alarcon Assails Holding of Rafters

*PA0311143294 Havana PRENSA LATINA in Spanish 0445 GMT 3 Nov 94*

[FBIS Translated Text] Havana, 2 Nov (PL)—The Cuban parliament today concluded a hearing on the migration issue and prevailing current policy. The hearing was attended by specialists from various Cuban political, scientific, and social institutions.

Ricardo Alarcon, president of the top legislative body and head of the Cuban delegation to the migration talks with the United States, described the debates at the forum as useful in terms of making progress on understanding important political matters.

Alarcon underscored that the discussion focused on the positions adopted by several U.S. administrations regarding the island's revolutionary process, which have made it impossible to depoliticize any discussion of the topic.

Migration, he said, is one of the few topics that lies at the very root of the Cuban-North American conflict; it is one of the oldest conflicts, and it will continue to be among the most complex.

Alarcon added that Cuba's conduct in this area could be defined as defensive, because from 1959 onward the United States has used migration as a weapon against the social plan currently under way in Cuba.

Alarcon said the North Americans themselves have admitted that they have handled the matter in an arbitrary, ill-intentioned, and subversive manner, and he cited as evidence of this admission the commitments made by Washington in the 9 September agreement signed in New York.

In response to suggestions from several participants that Cuba update its current Migration Law, which was enacted in 1976, Alarcon favored the idea of readjusting certain aspects of current policy and mechanisms to render them more effective.

Regarding the rafters being held at the Guantanamo Naval Base, he said the Cuban Government finds it impossible to remain indifferent to this problem for humanitarian reasons, but Cuba, he stressed, cannot be blamed for the situation of those people being held there because of a U.S. decision he called "a true political outrage."

Alarcon said that, at the time when rafters were being taken to Guantanamo, the Cuban authorities declared their opposition to the confinement of Haitians, as well as Cubans (beginning on 20 August), at the military enclave.

The parliamentary sessions lasted two days and were held at the Convention Palace in Havana. The meeting was called by the legislative body's Foreign Relations Commission and Constitutional and Judicial Affairs Commission.

The hearing was attended by deputies, experts from universities and specialized institutions, analysts, journalists, and other guests.

### Debate Concludes on 2 Nov

*FL0311131094 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 3 Nov 94*

[From the "NTV" newscast]

[FBIS Translated Text] The debate on Cuban emigration promoted by the Foreign Relations Commission of the National Assembly of the People's Government [ANPP] ended on 2 November in Havana's Convention Center.

The meeting, which gathered deputies, legislators, academics, and politicians, addressed numerous aspects of this phenomena which affects, with more or less complexity, most underdeveloped countries. Jorge Lezcano, president of the Foreign Relations Commission, explained the purpose of this meeting.

[Begin Lezcano reporting] This helped deputies, the Foreign Relations Commission, and the ANPP itself to address the diverse aspects, discussed from different points of view—sometimes opposing, as has happened here—so that they will be able to arrive at a more precise and exact solution in the future, when it becomes necessary to find solutions, or propose laws or agreements. [end recording]

The academics, as happened yesterday, insisted on discussing the relations between Cuba and the United States.

[Begin recording] [Unidentified academic] The United States has always been the main recipient of Cuba's emigrants, yet there has not been a significant quantitative balance. However, there is a contradiction, and it is the contentious nature of the emigration relationship in the past, and continuing until now, and the general relations between Cuba and the United States. [end recording]

There were a great many views regarding history, foreign incentives, legal aspects, politization of the issue, and the international economic crisis in the world, and particularly in Cuba. This debate seems to embody a principle of work for Cuban deputies.

[Begin recording] [Unidentified deputy] I do not believe this is the first time this has taken place in Cuba. Perhaps many of those gathered here have discussed these views in the past, but it has not been publicized. The press could help to spread this way of perfecting democracy in Cuba, and thus the Revolution will profit.

[Second unidentified deputy] This provides knowledge and experience which enables us deputies to debate in depth such complex issues as emigration.

[Third unidentified deputy] We do not conclude agreements here, we listen to viewpoints; however, some of the views could affect the work of the ANPP.

[Fourth unidentified deputy] Supporting valuable discussions is one of the habits the ANPP will adopt. [end recording]

The discussion on Cuban emigration during this meeting, in addition to the recent debate on democratization, seems to be a working standard which is bringing the ANPP to life.

### Ideological Official on 'Hostages' at Guantanamo

*FL0311150694 Havana Radio Rebelde Network in Spanish 1255 GMT 3 Nov 94*

[From the "Doing Radio" program]

[FBIS Translated Text] Yesterday was the final day of hearings of the Foreign Relations Commission and Constitutional and Judicial Affairs Commission of the National Assembly of the People's Government. We would like to play for you all the depositions, but this is not possible. In general, the depositions have been broad and expressed diverse views and important contributions. There were some speakers from the academic sector. Those from the cultural world discussed the issue of artists abroad. Jorge Gomez Marata from the Ideological Department of the Central Committee, had this to say:

[Begin Gomez recording] The comrades have stated very clearly that a political problem cannot be turned apolitical. That is an oxymoron. It is like, I don't know, it is absurd. It is an illogical statement. It is political by its nature therefore it cannot be turned into an apolitical issue. Migration, within the context of the conflict between Cuba and the United States is a phenomena that has acquired a political connotation. This cannot be overlooked.

Another matter is the relations between the nation and the emigre community. This type of relationship is another issue. In our efforts to normalize it....[pauses] That was the goal of the conference. The relationship should become fluid and familiar with the institutions, with the cultural sector. In other words, with diverse fields without necessarily seeing them through a political prism. In essence, in the work with the emigre community we are not pursuing ideological goals. We do not seek to convert them to socialism. We are not courting them so that they support our system. If some of them do, so much the better, but that is not the goal. The goal is to disenfranchise them from the counterrevolutionary activity, to separate the emigre community from the counterrevolution. As Arbolella [not further identified] said: It is basically reactionary but not homogeneous, nor does it react in the same manner to different problems.

These are aspects which I believe ought to be stressed.

Regarding the problem of Guantanamo, we once again return to the issue of hostages. Guantanamo is the latest chapter in the human drama which U.S. policy has fostered. Guantanamo is no worse than Operation Peter Pan. It is true that Cuban authorities cannot be indifferent to this problem. However, Cuba cannot be asked to solve it, to defuse a land mine which we did not set. In other words, it is something on which we will have to make efforts and conduct negotiations but in the end it has to be made clear that the responsibility falls on the United States. [end recording]

### Punishment of Rafters in Panama Reported

*PA0311040694 Havana PRENSA LATINA in Spanish 2058 GMT 2 Nov 94*

[FBIS Translated Text] Panama City, 2 Nov (PL)—Fourteen illegal Cuban immigrants, staying at one of the U.S. military-controlled camps in Panama, were sentenced to 120 days of preventive detention and eight hours of labor a day.

The Cubans are part of a group of 21 people who tried to escape last week from Camp No. 3, which is one of the four camps established in military areas in the Panama Canal area, according to Southern Command sources.

The precautionary measure was imposed by a military court but information was not given on what will happen to the other seven Cubans who tried to escape.

There are more than 8,600 illegal Cuban immigrants, coming from the Guantanamo Naval Base, in the four camps.

The people assigned to those camps, which are located in the Empire Range area, 15 km from Panama City, demand that U.S. authorities give them visas to travel to the United States. The Cubans have threatened to destroy the installations, stage massive escapes, and occupy embassies.

### Radio Cites Mexican President on U.S. Blockade

*FL0211190494 Havana Radio Rebelde Network in Spanish 1000 GMT 2 Nov 94*

[From the "Doing Radio" program]

[FBIS Translated Text] Mexican President Carlos Salinas de Gortari has said that rejecting the U.S. blockade of Cuba is one of his administration's major foreign policy decisions. Salinas de Gortari delivered his final state of the nation address as president to the Mexican Congress, saying that he supports the talks between Washington and Havana to solve the conflict between both nations. Salinas de Gortari also said that Mexico will continue to defend Mexican migrants' human and labor rights in the United States. Salinas de Gortari pointed out that his government brought inflation and foreign investment under control, adding that consumer prices had dropped while the gross national product increased an average of almost three percent. Salinas de Gortari said that NAFTA will allow Mexico to access advanced technology and U.S. and Canadian markets, as well as promote the Mexican people's well-being. Salinas de Gortari also called for a peaceful solution to conflict in Chiapas State, adding that the clashes between the Zapatist National Liberation Army and federal troops revealed the social inequities and mistreatment of indigenous people in Chiapas.

### Russian Armed Forces Chief of Staff Departs

*PA0311042694 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Nov 94*

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Army General Raul Castro, the Cuban Revolutionary Armed Forces minister, was present to see Colonel General Mikhail Kolesnikov, chief of the Russian Armed Forces Command Staff, depart from Havana. Kolesnikov, who is also the first deputy of the Russian defense minister, came on a five-day working tour to Cuba. He followed a full schedule, which included meetings with President Fidel Castro and Cuban military authorities. During those meetings, the status of their relations in the technical and military spheres was studied, in accordance with existing bilateral agreements.

### Report Previews 12th Havana International Fair

*PA3110231494 Panama City LA ESTRELLA DE PANAMA in Spanish 31 Oct 94 p A-7*

[Report by Rolando Gabrielli: "The Cuban Boom"]

[FBIS Translated Text] A businessman expressed regret a few days ago that he had been unable to participate in the 12th Havana International Fair in Cuba, because it had sold out; they were full.

I am really sorry, he told me, and showed me the "brochure" with information required by participating businessmen.

And the blockade? I asked.

That is something of the past, he immediately replied: "Business is business," he said so as to leave no doubt.

My wife is of Cuban descent, and I have already been there and believe huge possibilities for all sorts of deals are opening, he added.

This improvised conversation in a management office in Panama could hardly have been so spontaneous one or two years ago. The blockade barrier is less and less effective and yields more and more every day.

The Panamanian businessman, with a good knack for business, was simply interpreting and correctly reading the new Cuban reality.

The island, the largest in the Antilles, is experiencing rapid economic changes and transformations, even habits, customs, and Cubans' lifestyles.

Pierre Cardin's knack for business cannot go unnoticed. This point also holds true for Renault, Shell, and an important delegation of South African ministers who will attend the 12th Havana International Fair.

This grand fair will surpass all expectations according to the organizers, because it will be attended by 1,023 companies, including representatives from 23 Latin American and Caribbean countries.

Europe will be represented by 17 countries.

Africa will send high-level and ministerial delegations to promote business, and, in particular, tourism, the most successful Cuban sector characterized by continuous growth and development.

A total of 47 countries from all over the world will be represented at the Havana International Fair, making it one of the most representative of Latin America.

In addition, 293 Cuban companies will discuss their progress and business opportunities at the fair.

Some will wonder what is so important about this business fair in Havana, which is only 90 miles from the United States, despite the evident changes on the largest of the Antilles.

Everything started to change in Cuba with the legalization of the dollar.

Banking accounts in U.S. dollars were permitted, and even copyrights could be paid in dollars.

State-owned land was transferred to farmers, and an agricultural market governed by demand and supply was established.

The state continues to retreat, and opportunities for individual participation continue to be created in Cuba.

Experts believe the government has responded to these profound transformations by encouraging the basic sectors of the economy.

The island has been in the past 13 months the center of a continuous exchange of delegations, the departure of technicians, and the arrival of investors.

Agriculture is perhaps the activity that has changed the most. The presence of new foreign companies that made investments work jointly with Cuban companies is evident.

It is expected that approximately 150 new companies will join the existing 60 companies. Another 100 companies are waiting for an opportunity.

Certain analysts believe this new Cuban economic outlook, which is still difficult for the common citizen, is due to confidence in Cuba and the perspectives facing it.

The steps already taken are irreversible, and the mentality of Cubans is changing.

Perhaps all these transformations, decisions that have promoted changes, the opening to world commerce, the coming out of the island, and the new mentality will become evident when drivers start seeing the appearance along Cuban highways of the first advertisements after 35 years of socialism.

### Study: 'Favorable Impact' From Farmers Markets

*PA0311044894 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Nov 94*

[From the "Evening Information Review" newscast]

[FBIS Translated Text] A study on the farmers' markets, established in Cuba a month ago, shows that they have had a favorable impact on the population as they spur the participation of producers in the marketing sector and are, thus, an incentive to increase food production. The markets have been operating for a short time and already the Cuban population has been able to obtain more than 300,000 quintals of farm produce, without counting the ones marketed by the government at prices that are still subsidized.

### ANAP President Explains New Farmers' Markets

*95CA0014A Havana GRANMA in Spanish 1 Oct 94 p 3*

[Interview with ANAP President Orlando Lugo Fonte by Juan Antonio Borrego in Sancti Spiritus; date not given; first two paragraphs are GRANMA introduction]

[FBIS Translated Text] Starting today, Decree 191 authorizes the establishment of farmers' markets in Cuba. All Cuban farmers may take part in these markets, except for the UBPC [Basic Cooperative Production Units], for obvious reasons. Among the groups taking part in these markets, campesinos will play an important role.

Orlando Lugo Fonte, the president of ANAP [National Association of Small Farmers], amid the busy schedule mandated by his responsibilities to more than 150,000 campesinos and cooperative members all over this island, found a few moments of repose in Sancti Spiritus, if repose is an accurate description, to discuss these new markets.

[Borrego] Why farmers' markets?

[Lugo Fonte] The decision to create farmers' markets is in line with the latest decisions approved in Cuba to develop agriculture to meet the requirements of our present conditions, like the creation of the UBPC and the transfer of plots of land to families.

Conditions in agriculture are quite different from those existing before the special period, when every year Cuba received from the USSR at advantageous trade terms: 1,300,000 tons of fertilizers, 600,000 tons of animal feeds, and chemical products whose value was $800,000. We used 1.5 million tons of diesel fuel for crops other than sugarcane, and we received 20,000 tons of powdered milk from the GDR. Now we have to seek development consistent with the present situation and new ways to stimulate our productive potential.

[Borrego] Is the campesino movement prepared to deal with a market in which demand is undoubtedly going to be much greater than supply, at least in the beginning?

[Lugo Fonte] We need to have campesinos take part in these markets, and that is why we are encouraging them to join in. It is essential for the nation that they provide their surplus produce, which in the past they either did not harvest or did not bother to produce, and also part of the goods produced for their own use, when there is enough; they can also provide items that have practically disappeared from our commercial system. Now campesinos will be better able to use these markets, as they can select a representative, for many do not like to go to markets. It is also better for us if the producer does not leave his farm to sell his products. He is more useful if he stays on the farm to work. We want to strengthen the market in the national capital and the provincial capitals and so taxes are lower here than in the rest of the country. We also want to strengthen the production of basic commodities like tobacco, sugarcane, coffee, cacao, under the principle of completion of the approved plans.

[Borrego] What does the ANAP leadership think of fulfillment of the plan as a requirement for being able to take part in these markets?

[Lugo Fonte] The plan is sacred to us. First of all, because of what it represents in preserving the gains of the Revolution. We have low-income people, retired persons, etc., and we also have hospitals, schools, day-care centers, major scientific centers, industries, seed requirements, etc. The state has this plan to cover these social necessities and the population's needs. That is why its fulfillment is of vital importance. That is inviolable. We would not like to have to discuss with a single campesino or a single CPA [Agricultural and Livestock Cooperative member] why he should be able to go to the market without having met his production plan.

[Borrego] What non-state productive potential will the farmers' markets have?

[Lugo Fonte] We have about 90,000 independent campesinos all over Cuba if we include new people who have obtained the use of land to plant tobacco, coffee, or cacao; another 62,000 cooperative members; and in addition there are people who have been given six "cordeles" [agricultural land measurement] with the approval of the Politburo and others who had leased their lands and have been granted 30 "cordeles," as well as people with fairly large gardens. So the total is 250,000. That is a large pool, and I am sure they are also going to take part in these markets.

[Borrego] At this time, what economic weight does campesino production have in Cuba?

[Lugo Fonte] Well, some significant items do not go to farmers' markets, but I will give you some examples of products that go to the markets and some that do not. We get 75 percent of our tobacco production, 72 percent of the beans, 28 percent of meats, about 45 percent of our vegetables, 62 percent of cacao, 43 percent of the coffee, and about 18 percent of the milk produced. I would like to make a special mention of the latter product, even though it does not get to the markets, because of its humanitarian nature. Milk is intended primarily for children, the elderly, and people who are ill. This year we think we will get a total of 70,000,000 liters because, unlike what people may think of our present economic circumstances, in the last three years we have increased milk production by 30,000 liters, and this year all the provinces, with the exception of Camaguey and Havana, are going to surpass their historic record of milk sales to the state by campesinos.

[Borrego] What may farmers' markets mean for our campesinos?

[Lugo Fonte] A great deal. First, they will provide motivation to bring all lands into production; second, there will be stronger interest in meeting their production commitments to the state so they will be allowed to take part in these markets. Yields per area and production in general will increase, and people will again start producing specific items that had practically disappeared for lack of economic stimulus. And third, new campesinos will begin production.

[Borrego] Will a special appeal be made to the people you represent?

[Lugo Fonte] I bring to Cuban campesinos a message from Comrade Raul [Castro]: the Revolution has fulfilled and more than fulfilled all the commitments it made to our campesinos, and now it expects that they will fulfill and more than fulfill their commitment to the people. That is Raul's message, and it is also my message.

[For related reporting please see the 3 October Latin America DAILY REPORT]

### Dissident Describes 'Subhuman' Treatment

*BR0311084894 Madrid ABC in Spanish 2 Nov 94 p 40*

[Report on interview with Elizardo Sanchez, chairman of the Cuban Human Rights and National Reconciliation Commission, by Alberto Botillo in Havana; date not given: "Elizardo Sanchez: 'ABC Does Not Go Far Enough in Its Criticisms of Island's Regime'"]

[FBIS Translated Text] Havana—Elizardo Sanchez, the most veteran representative of the moderate Cuban opposition, listed to us his grounds for being pessimistic: Although it may seem difficult, repression has not ceased to increase, the dictatorship is entrenching itself in immobility, and the regime responds to proposals of dialogue with displays of brutality. Because of all this, Sanchez assures us that "in fact ABC does not go far enough in its criticisms of the totalitarian regime."

The leader of the Cuban Human Rights and National Reconciliation Commission must be careful about what he says: "I must call Castro president; if I called him what you people call him, I would get three years' imprisonment... If I compare him with Pinochet or with Franco, three years' imprisonment again. He would already have put all of those working on your newspaper—including the printers and janitors—in prison for over three years; he would have erected a big stockade and turned your newspaper's whole building into a big prison." Yet "ABC does not go far enough in its criticisms of the totalitarian regime" on the island.

But although Cuba's arbitrary acts sometimes provoke irony, it is no laughing matter. The incessant increase in repression is no joke or hackneyed report after Castro's recent invention of a new treatment for dissidence which occurred to neither Stalin or Ceausescu. Elizardo Sanchez tells it like this: "Dissidents are detained without reason or explanation for a few days, but in subhuman conditions. In cells with room for four people they put 25 people, without water, without ventilation, and with infernal heat; with a hole in the corner for physical needs, blocked by the feces which invade the rest of the cell and are spread about by the detainees. They are kept there from one to four days and then released so that the number of political prisoners will not increase, but before long they are detained again and subjected to the same conditions."

The aim is to break the oppositionists' resistance and make it clear that the dictatorship uses only brutality as its response to the moderate dissidents' hand outstretched for dialogue. "The total number of prisoners of all kinds—common and political—is over 100,000 people, distributed among over 100 prisons and prison camps. This represents 1 percent of the population, making Cuba the country with the highest prison population in the world in relative terms. Between 2,000 and 5,000 are prisoners for political reasons, although they are often accused of vague offenses such as vagrancy, unlawful activities, or propensity to crime."

The exact number of prisoners is known only by the government, which informs neither the party's Central Committee nor the National Assembly. "Why," Sanchez asks, "are Amnesty International or the Red Cross not allowed to visit the prisons? Even the former Haitian regime or the brutal dictatorships which stained Latin America with blood finally allowed independent organizations to visit the prisoners. Cuba is different."

### Politburo Member Gives Camilo Anniversary Address

*FL0311012294 Havana Tele Rebelde Network in Spanish 0329 GMT 29 Oct 94*

[Address by Politburo member Esteban Lazo Hernandez, vice president of the Council of State and first secretary of the Communist Party of Cuba in Havana, during the ceremony marking the 35th anniversary of Camilo Cienfuegos' death; at the former Presidential Palace in Havana on 28 October—recorded]

[FBIS Translated Text] Comrades: Today, the pride, dignity, and courage of the Cuban people are similar to that of the Sierra Maestra. With this phrase, Commander Camilo Cienfuegos began his last speech on the North terrace of what was then the Presidential Palace. That was on 26 October 1959. With this phrase we will open this fervent homage marking the 35th anniversary of his passing. [applause]

His words, thoughts, and actions are so viable that they respond to many of the situations we face today. In August we experienced unfortunate events in Havana involving counterrevolutionary and antisocial individuals whose top most goal was to abandon the land where they were born and to seek in the convulsive and brutal north a life sated perhaps by consumer goods but empty of dignity, morals, justice, and patriotism. [applause]

Recently, a group of mercenaries took the life of a young Cuban man in central Cuba. This shows we cannot let up our vigilance and defense readiness. These events were countered, as usual, by the fast and forceful response of the workers and students who decorously comprise this country each day, and who fearlessly confront the challenges that an underdeveloped and criminally blockaded nation faces.

Thirty-five years after that moving speech which recalled the most heart-rending verses of the poem My Flag by Bonifacio Birnes, revolutionary Cuba remains as vigilant as ever in confronting its enemy proving that Camilo was right when he said: It would take the deaths of all the Cuban people to end this Revolution! [applause]

In this ceremony marking the close of the Camilo-Che celebration, we are not only paying tribute to two great historic figures of our fatherland, but we are also honoring our people, who keep the great dream of their heroes alive, and their ideals of justice to preserve the sovereignty and independence of the Cuban nation that they helped conquer.

In this same place, in the year the Revolution began, the words that Che [Ernesto Che Guevara] spoke to those gathered here are just as relevant today: It is extremely important to reflect upon the significance of this ceremony, to think about the meaning of your participation in the revolutionary reaffirmation ceremony. It is important to think about the circumstances, the current events, that have inspired this passionate, determined, and resolute gathering.

Today, from very same place, we can say to El Che and Camilo: We, the patriotic and worthy people of Cuba, are here again, reaffirming our revolutionary fervor, our faith in victory, and in our commander in chief, our beloved comrade, Fidel! [applause; crowd chants: Fidel!]

Twenty seven years after Che's death and on the 35th anniversary of Camilo Cienfuegos' passing we evoke their memories because men of their stature are permanent sources of inspiration, courage, and revolutionary dedication. Their commitment to duty is an expression of revolutionary values and an example for all of us. The task we face is enormous. We must save the fatherland, the Revolution, and the most cherished accomplishments of socialism.

Only the Cuban people forged by a true revolution of the people, a democratic and socialistic revolution whose supreme objective is the people, their material well being and spiritual wealth, the full use and development of their powers, and their decorous, worthy, and happy lives in an independent fatherland where the people are the absolute masters of their destiny are capable of resisting the current difficulties.

Only a revolution as autochthonous as the Royal Palm, and as deep as Batle's pit [la fosa de Batlez], is capable of resisting the severity of these times with determination to follow Marti's teachings, unwavering faith in the victory, and trust in the Communist Party of Cuba and its leader, Commander in Chief Fidel. [applause]

With this same resolve, we judge our performance, our successes and failures, merits, and deficiencies. It is exactly in this area where we have not been able to perform well. Today we should focus all our energies and efforts on the many things that lie ahead. We are aware that our number one problem is producing food and sugar; but neither of these will just fall on our laps. We must win the struggle to produce them, we must toil and sweat if we want to overcome our current critical situation. There is no doubt that we will succeed.

We are already seeing signs that we are on the right road. In order to restore our sugar production level and produce the food our people need, we have to work hard, efficiently, and firmly, with an iron will, and with the tenacity to remain steadfast year after year. Every fallow hectare must be turned into a tuber, vegetable, and grain crops. We have to increase yields by properly tending the crops, using our material and human resources more efficiently, and by rigorously implementing technology. We have to link workers and brigades more closely to the land which ultimately determines the level of their income.

Food production is not only the job of agrarian workers, the Basic Cooperative Production Units, state farms, the Revolutionary Armed Forces units, cooperatives, and individual farmers. Today, that is everyone's responsibility.

The Communist Party of Cuba [PCC] has summoned us to mobilize and produce the food our child care centers, schools, hospitals, and workers cafeterias need; to produce food for our population, grandfathers, sons, students, and workers. Contingents have been organized nationwide toward this end.

In Havana, we are mobilizing 2,000 people with the PCC and Union of Young Communists at the helm, to join the over 2,000 workers already mobilized to undertake urgent agrarian duties in Havana Province, which is the source of food for the more than 2 million Havana residents, and we have seen the efforts of tens of thousands of Havana residents to increase food production.

As part of our sugar production recovery efforts, we are now making a push in soil preparation, intensifying the search for quality seeds, and working to eliminate end shoddiness in planting, and win the battle against weeds with the hoe in hand rather than waiting for the herbicides that we do not have. We must mobilize and turn this harvest into a truly efficient harvest.

The first thing we have to do to overcome these difficulties is work. However, we must do so in a constant and intelligent manner. Today, work the first duty of the cadres. The call has been made to all the members of the PCC, revolutionaries, and patriots; in other words, to the immense majority. The time for lamentation is over. These times call for combat; for uniting the forces of those who are not intimated by the special period, the shortage of resources, or the lack of shoes to carry out the harvest, build causeways, and [words indistinct].

As our commander in chief said during the announcement of the painful passing of Camilo: The only thing we can ask of our people is that every time that the fatherland faces a difficult situation, and every time the fatherland faces danger, is to remember Camilo. Every time young men, farmers, workers, students, or any citizen feel faint in view of the long and difficult road ahead, remember Camilo, remember his work, how he never lost faith in the victory when faced with difficulties.

In this difficult struggle, our people are not alone, more and more voices are joining to call for the end of the ominous blockade. A tangible example was the overwhelming condemnation of the blockade approved two days ago by the United Nations for the third time in a row. No one in the world approves that inhumane policy implemented by the empire against a people who struggles to attain their happiness. The United States has been practically abandoned in that endeavor. [applause]

Comrades, many are the problems that we must solve and we must utilize our people's pride and dignity. Nothing justifies idleness, poor performance, and negligence. Does anyone harbor any doubts that, threatened and brutally battered by the blockade, we must [words indistinct]? How is it possible that in the midst of such a difficult situation, insensibility and selfishness, rather than kindness and generosity, bloom in some people? This attitude can only be understood in people lacking dignity, noble feelings, and patriotism; or as Marti called them: incomplete beings.

Raul has summoned us [words indistinct], mobilize the masses, join the struggle, end the bureaucrats' red tape, identify subjective weaknesses and eliminate them without hesitation, as well as seeking alternatives to objective difficulties with a "can do" attitude. Raul told us a few days ago and I quote: Let no one be fooled. This is a moment of definition, struggle, and victory [words indistinct] decent, and the future of the fatherland will be determined by the outcome of this heroic struggle. Even worse, they cannot even conceive the consequences of the collapse of a revolution such as ours.

Comrades, Raul has summoned us to tackle problems head on, with determination and courage, and with morals as lofty as the Turquino peak. This is the time to multiply the Camilos and Ches, and to make ours, more than ever, the example of their extraordinary humanity, and deep values. As Marti, whom we particularly remember as we approach the centennial of his death at Dos Rios, taught us: People are shaped by virtue

Fidel has rightfully said that among the people there are many Camilos and during every important moment of the Revolution, he has asked these Camilos—our people: Am I on the right track?

The most recent example is that of the workers parliaments where everyone had the opportunity to freely express their opinion. Everyone was able to contribute in the taking of measures, and in the making of crucial decisions to drive the country forward. These Camilos among our population, are contributing by stoically adapting to the new conditions which life imposes on us, and by endeavoring to attain the efficiency needed in every job.

From the same balcony from which Camilo spoke to his people, we can say that, despite the difficult conditions of the special period, we have kept the main accomplishments: education, health care, and social security for all. Not a single child or elderly person has been left abandoned in a hemisphere where somewhere between 25 and 40 million children—no one knows exactly how many - live on the streets, are driven to drugs, used for aberrant child pornography, kidnaped and sold for their organs, and murdered by death squads. There are thousands of reasons to defend the work of our Revolution. Yet, this one alone suffices. The joyful and opportunity-filled lives of our children is worth giving the Revolution our best and even our last drop of blood.

Dear comrades, as Commander Camilo Cienfuegos affirmed 35 years ago: We will bend our knees, and bow our foreheads but once. The day we address the Cuban soil, which shelters the remains of 20,000 Cubans, and say: Brothers, the Revolution has been completed. Your blood was not spilled in vain! [applause]

In the making of that Revolution we are engaged in this unique moment of our history. In Camilo, Che, Cespedes and Agramonte, Marti, Maceo, Gomez, Raul, and Fidel [words indistinct] for the future combat! [applause]

Just as 125 years ago, we will engage in battle with our independence consummated by the blood of our martyrs and the heroism of a people who forever forgot the word surrender. Now, dear comrades, we render the beautiful homage conceived by El Che of taking a flower to the sea for the Master of the Vanguard, and say to Fidel, with Camilo's words: We will stop breathing before becoming undeserving of your trust! Eternal glory to Camilo and Che! [Crowd: Glory!] Long live the patriotic, undefeatable, noble, and courageous Cuban people! [Crowd: Viva!] Fatherland or death! [Crowd: We will win!] [applause]

### Senen Casas on FAR's Contribution to Society

*95CA0014B Havana JUVENTUD REBELDE in Spanish 16 Oct 94 p 5*

[Interview with General Senen Casas Reguiero by Marcos Alfonso; place and date not given; first three paragraphs are JUVENTUD REBELDE introduction]

[FBIS Translated Text] A coincidence radically changed his life. The closing of the University of Havana, where he was studying law, forced the young Senen Casas to return to his father's farm in eastern Guantanamo just when Comandante Raul Castro was opening the Second Front and "was operating near our farm. I met him and some comrades in his troops, and that relationship and some emotional involvement on 26 July produced closer cooperation with the Movement and led to my later joining the Rebel Army. If that coincidence had not happened, who knows where I might be today? For my family was fairly wealthy and in addition to the farm, owned some sugar mills and other properties in the area. That encounter forever shaped the course for my life. From that moment on, I have always been on the side of the Revolution."

Pleasant, analytic, honest, joking at times, with a deliberate style of speech. Major General Senen Casas Regueiro, Cuba's present minister of transportation and a founder of the Ministry of the Revolutionary Armed Forces [passage indistinct], controlled by logic and "I always try to do what I should, the best I can do."

In April 1961, when he was just 25 years old, Senen Casas Regueiro was the first commander of a division in Cuba. He speaks with nostalgia of that time when "I did what I thought I should do and what my conscience told me, but there were no precedents for me to follow. I remember that when I was about to take on that command, a foreign adviser drew some sketches on a cigar box and showed me: "Here is a battalion, this is another"... and so on. Based on that cigar box, I took on that responsibility, which I look back on with nostalgia now."

[Alfonso] What is your view of military life?

[Senen Casas] In the short time possible in a magazine interview, it is almost impossible to discuss military life in detail. That body of concepts is so extensive that it would become a treatise on military science. Moreover, military concepts have been enriched as new military experiences have been accumulated throughout the world, along with theoretical research. Still, with my personal experience in running a production-oriented civilian organization, the way in which some concepts that originated in military life are interpreted have led me to think about this. One of these is the concept of authority. One difficulty for anyone from military life is the interpretation that civilian organizations make of this concept in practice.

In military life, for example, there is authority at all levels, along with a clear interpretation of the general organization, backed by complete understanding and cooperation among its members. There is also enough sensitivity to detect anyone who assumes personal authority that he does not possess, and the system itself reacts to that irregularity to correct it. So, for someone from a military background it is clear that orders must be obeyed, and after they are discussed and approved at the appropriate level, they may not be altered or questioned, much less ignored. However, this concept, which is perfectly applicable to civilian life, is often subjected to other rules, and the end result is, of course, the violation of authority as a basic tool of leadership. That does not mean that the director of a state organization or a business executive should act exactly as a military officer does. But as a principle, this should be inviolable, and in

Cuba's case, we must continue the battle to protect authority from interference.

[Alfonso] That also happens with discipline...

[Senen Casas] Discipline is a very clear concept in military life throughout the chain of command. But in our state organizations and in business this concept has been eroded, and different interpretations are often made of the exercise of discipline.

Demanding discipline on the job is not an option that is open to discussion. Attaining the highest level of discipline is one of the principal objectives in our present situation. All this demonstrates that many concepts from military life have an application to civilian activities.

[Alfonso] The MINFAR [Ministry of the Revolutionary Armed Forces] is now 35 years old and you were one of its founders. What is your assessment of these years?

[Senen Casas] I have had the privilege of working with Army General Raul Castro from the time of the Second Front until now. Our Armed Forces [passage indistinct] of the Revolutionary Armed Forces. Within that arsenal of knowledge, a concept was developed by the minister which, because of its value, content, and applicability, I want to quote here: **Working systematically, advancing millimeter by millimeter, and consolidating the work done**. That may seem elementary to someone who does not understand the complexity of leadership. Because of Cuba's unique features, working systematically takes on special importance, not to mention the need to consolidate the work that has been done. Making this concept a reality may be one of the most difficult tasks for any leadership cadre. It is clear that achievement is possible when there is determination and tenacity, and this is what has made possible the unquestionable results which the Ministry of the Revolutionary Armed Forces displays today.

[Alfonso] In your view, what is the most notable difference between the MINFAR of 1959 and the MINFAR in 1994?

[Senen Casas] In terms of its main objective—defending the Revolution's achievements and protecting our Nation—there are no differences. However, from the viewpoint of the quality of the officer corps we have today and what we had 35 years ago, they are totally different technically and professionally. Today our officers are much more knowledgeable; their grasp covers even economic matters, and this is quite new. In recent years our Armed Forces have been obliged to produce and to analyze defense costs. Today there is talk not just of the cost of a tank or a rocket, but a soldier knows how much a rifle projectile costs. And that is the greatest contribution which the FAR [Revolutionary Armed Forces] makes to the nation's economy, as behind that knowledge there is a real savings of fuel, equipment, and many other things, even food, which used to be charged to the treasury.

[Alfonso] What do you think is the importance of the permanent induction of young people in the Armed Forces?

[Senen Casas] Without the induction of young people, it would be impossible to carry out all the objectives and missions of the Armed Forces. We have to remember that we were young. I was a division commander at the age of 25. Today we are stricter and we may perhaps decide that no one can handle such a command at that age. Still, I think that if I could do it, so could someone else.

[Alfonso] There is some speculation that General Military Service may be extended to three years.

[Senen Casas] I am a member of the Military Council of MINFAR, and there have been no changes in the policy or orders issued by the minister; SMG [General Military Service] is still two years.

[Alfonso] How has your background in the FAR affected your life?

[Senen Casas] Beyond the historic privilege of having worked with one of the principal leaders of the Revolution, with his leadership role in guiding the nation, with his practical activities as minister of the FAR and as Second Secretary of the Party, he has been a source of education, inspiration, and training for me throughout my life as a revolutionary, from the days in the Sierras until now. Without false modesty I can tell you what the FAR has meant in shaping my life; the highest sense of loyalty to Fidel and to Raul, a strong sense of duty in doing the tasks assigned to me, of systematic discipline, commitment to the revolutionary endeavor within my limitations, a spirit of improvement (not without some concern about not having done more in this area), organization of my work, the requirement of [passage indistinct]. I cannot recall a single task of decisive economic importance for the nation in which the FAR has not been involved. Without trying to give an inventory whose extent would be impossible to convey in a periodical, I can summarize some of the most essential tasks: participation in more than 30 sugarcane harvests from 1959 to the present, an ongoing contribution to agriculture, leadership in the economy and in the development of Cuba's road and water infrastructure, a resolute and decisive response to natural disasters which could have been catastrophic for Cuba, the role of the EJT [Youth Labor Army] in helping to feed our people, its indirect contribution to the national economy through programs to feed the troops, its protection of combat skills and reduction of costs by almost 50 percent... and something else which is not spoken of very much, assistance in the reorganization of business as a precursor of the most advanced reforms in that field and as a promoter of essential changes in the national economy and in working methods during the present period.

The FAR has not only preserved our security and defended the nation, but it has been and is present in each and every one of the battles which our society has faced, even in the missions which they have conducted outside Cuba's borders, as an example of pure and disinterested internationalism.

[Alfonso] Do you apply your military experience in civilian life?

[Senen Casas] I would say that every day and almost by reflex I apply my experience in the FAR. Unfortunately, I cannot say the same in all cases, in terms of the results achieved. The situation in civilian life is not the same.

Frankly, I have had to make a great personal effort to adjust to working in civilian life. For example, I was speaking to you about discipline. In military life people know that discipline has acquired special significance now, much greater than in past eras. That is primarily because the military operate highly complex military material whose use requires precision and synchronization to work... now the level of discipline and preparation of the personnel is measured by minutes and seconds, so even the time factor has an important incidence on discipline and vice versa. The situation in our civilian workplaces is different. There is not the same awareness of discipline; that does not mean that there are no complex and highly precise machines, or systems in which discipline is essential. One example is the railroads. In most railway accidents, some of which cause the loss of valuable lives, the factor of lack of discipline on the job is present. This emphasizes the importance of a tenacious effort to restore discipline in all orders and in all fields.

[Alfonso] Let me return to economic issues. Do you think it is possible to apply in civilian life the economic concepts which military leaders now have in performing their duties?

[Senen Casas] It is possible, but it certainly would not happen as fast as in military life, as the scenarios are different. In the FAR there is already authority and discipline. In civilian organizations this process is much more complex, as there is much more coordination, discussion, and questioning. At times a decision may be made on one level and then be challenged in a province or municipality and sometimes even ignored. There is not the weight of authority, of exigency, control, and education which those of us who came from the FAR have. But civilian life will certainly have to move step by step toward what is done in the Armed Forces. The biggest problem I see in civilian life is in implementing decisions.

I also believe that in our present historic circumstances we need to make use of the guidance and lessons which our Comrade Raul offers us everyday to introduce a new focus in the [passage indistinct].

Today Fidel and Raul are calling upon us to take part in the great tasks of saving our Nation with new ways of thinking, with creativity, with transforming ideas and by devoting all our energies to this vital effort. This is not a simple slogan. Who can deny that in all the effort which the second secretary of the Central Committee has been deploying in recent months there is concentrated all the experience of his work as the leader of the Armed Forces, all the benefits of his methods and workstyles, all his human experience as a leader of the Revolution, along with the commander in chief. To follow faithfully Raul's guidance and Fidel's thinking, we must focus all our efforts and successfully fight the battles we face in the future.

[Alfonso] How do you combine your work as minister of transportation with that as a major general in the FAR?

[Senen Casas] I can not say that my work in the FAR has the same intensity as it did in the past, but I do the work assigned to me along with my work in the ministry. I have learned to prioritize, to be strict in keeping to schedules, and not to extend meetings unnecessarily. My work schedule with the Ministry of the FAR contains the tasks of the MINFAR and those of the Ministry of Transportation. That plan must be carried out and it is. I have to work hard, that is true, and I am no longer 20 years old, that is also true. But if you take on a job, you have to do it.

## Salinas Gives State of Nation Address

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[State of the Nation address by President Carlos Salinas de Gortari at the San Lazaro Legislative Palace in Mexico City—live]

[FBIS Translated Text] Honorable Congress of the union, Mexicans: I am attending for the last time the opening of the first regular period of sessions of the Congress of the union. I will also present at this time a written report on the general state of the country's public administration.

Today, with the same emotion and conviction I felt when I took office in 1988, I am fulfilling my constitutional mandate and my duty to inform the Mexican people about the work that has been done.

Mexico has changed drastically over these years as a result of the efforts of millions of Mexicans, and therein lies the merit of these changes. Changes were made to establish a new relationship between the state and society and to place Mexico in an advantageous position in the new world reality.

The year 1994 has been no exception. Changes are still being made and have been consolidated in the nation's life. This year, however, we have faced incredible events that have brought us moments of confusion, concern, and grief. Republican institutions came under serious attack, and the Mexican people's innermost convictions were tested. Nevertheless, due to the reforms that have been made and the people's calm response, the pledge to change was confirmed and the country's institutional life was strengthened. [crowd shouts]

The signs of change are clear. Mexico is actively leading worldwide forums and has the international community's recognition and respect. Domestically, dialogue among the leading political forces fostered the most significant steps taken in decades toward the construction of a democratic society. The new consensus among parties resulted in the reform of electoral institutions and many political practices. This year saw Mexico's first public debates among the presidential candidates, which were televised to the entire nation. We have better instruments and broader agreements with which to make progress in the country's democratic life.

As for the economy, we have controlled the serious crisis which, over the past decade, so hindered the expectations and opportunities of the majorities. Mexico reorganized its finances, improved the productive apparatus' competitiveness, and halted the deterioration of salaries and initiated their recovery.

Society broadened its participation in setting and achieving collective goals. Investment in infrastructure, roads, electrification, potable water, education, housing, food, and health received its greatest boost in over a decade and, in certain areas, the greatest boost of the century. Concurrently, the functions of the state were reformed to transfer resources, as never before, to social spending. A spirit of solidarity took root in many communities and multiplied the people's collective ability to deal with the lack of basic services and to initiate productive programs.

All of these things are verifiable facts. To be sure, these efforts have not met all our needs, but they have proven that the conditions are right for us to make progress in dealing with those needs, and they have inspired hope.

Nevertheless, in response to these constructive efforts toward change, since January of this year the country has experienced moments of localized violence of various origins but similar effects. [crowd shouts] These events were unexpected, even tragic. They caused grief and aroused concern, but —and let us not forget this—they were met with a clear, firm response from our entire society.

[Senate President Humberto Lugo Gil, interrupting] Stop the [words indistinct], the president is speaking. Article 8 of the basic law of the Federal Congress clearly and specifically states that speeches or interruptions by legislators are not authorized. No one is more obligated to obey the law than those who have the delicate responsibility of drafting them upon a mandate from the people. Let us respect the law. [applause]

[Salinas continues] On 1 January an armed group attacked four Chiapas municipal capitals and the Mexican Army headquarters in Rancho Nuevo. Faulty political information, deficiencies in the social and political work of the local authorities, and, most of all, excessive care during the previous months not to adopt preventive security measures in a region troubled by both old and new social, ethnic, and religious conflicts made possible this violent eruption that surprised and saddened the country at the beginning of the year.

The armed conflict emerged in the Chiapas jungle and has unusual characteristics. It arose in an area recently populated by Indians who had migrated from Altos de Chiapas over the past two decades looking for new land to farm and leaving behind traditions and communities.

This area is geographically isolated with approximately 70,000 people dispersed in small communities and their corresponding dioceses. It borders a region where Central American guerrillas have operated for 35 years. Most of the region is part of Ocosingo Municipality, the second largest in the country. The municipal capital is often days of travel along pathways, creeks, and mountains from many towns. This creates a big gap between the authorities and the communities.

There are age-old inequities, local bosses, old tensions that have been brewing for years, and centuries of neglect, abuse, and ill-treatment of Indians.

Paradoxically, Chiapas is the state that has received the most federal support during my administration; 1000 percent more than in 1989. The aid has been used for health, education, electrification, potable water, support for production and for the Indian groups, new programs for financing land purchases, and roads and highways. Chiapas has been notable for the support it has received.

Its backwardness justified this support then, and it justifies it now. More than 8 percent of the Solidarity Program budget goes to Chiapas, the population of which represent just above 3 percent of the national population.

In August 1993, the government implemented a special social program with resources for the Chiapas jungle and Altos de Chiapas. This grand effort created hope in the state, but that was not enough. On the one hand, hope for change gained ground; on the other hand, backwardness, hard-liners, and gaps persisted.

These aspects could be mentioned as the social causes of the conflict, but they are not enough to explain the movement. The region was socially backward, but there was also a trained, armed group at work which had local and foreign leaders with clear political programs antagonistic to the institutional program.

If poverty alone produced uprisings, the country's regions and much of mankind that lives under similar or worse conditions would live in permanent rebellion. Poverty alone does not explain armed violence. This is the first armed uprising since the end of the Cold War. It is important to point this out. In the past, any movement of this nature was declared part of the East-West conflict, and in the face of threats of a bipolar nuclear confrontation, the reaction of the affected countries was always the same: annihilation of the movement at any cost and with as little publicity as possible.

The points of reference have changed. Movements of this nature can no longer be viewed as a sequel to the bipolar struggle. Responses can be different now, depending on national political feelings.

The Chiapas uprising did not lack an international goal. It was initiated the day NAFTA was implemented, which had attracted world attention. It took place following the celebration of the 500th anniversary of the meeting of two worlds, an event that renewed the interests that an Old World with mixed feelings has in Indian matters.

The movement shielded itself with the name of the most noble and popular of all people who have participated in Mexico's social struggles: Zapata. [jeering heard in the background] Using an appealing design and publicity strategy that expanded its promotion, the armed group quickly sought to establish links with the media both within and outside the country. It particularly sought ties with urban social groups in the capital where it initially found a certain support.

The government's response had to be different; different from the manner in which similar situations have been faced in other countries, and different from the manner in which similar situations were faced in Mexico in the past.

First of all, in a few days the Mexican Army repelled the attack on its installations, dispersed the contingents in the municipal capitals, forced the armed group to retreat into the jungle, established a cordon, and contained the threat. In accordance with the Constitution, it is the government's responsibility to guard and ensure respect for the country's public and internal peace.

From this moment on we decided to not pursue the group into the jungle to annihilate it, because that would have endangered the very lives of the communities and would have been incompatible with our values. In addition, this would have meant acceding to the provocation of the armed group, which wanted to provoke generalized violence to discredit our Armed Forces, engender social rejection in the rest of the country, isolate Mexico internationally, and create a backdrop for political tension that would have jeopardized the holding of federal elections.

Our debt to the Mexican Army for the success of its initial military action must be measured in terms of Mexican lives that were not lost, as well as the political options made possible as a result of the Army's decision. My permanent recognition goes out to all of them. [lengthy applause]

Thanks to their effective intervention, a mere 10 days after the beginning of the conflict the government was able to make decisions that have taken years in other countries that have had to face similar conflicts. In the nutshell, we began at the end. I ordered a unilateral cease-fire by the Mexican Army, appointed a peace commissioner, and submitted an amnesty bill to Congress that was approved by all the political parties. Social actions were immediately expanded in the region, and a political dialogue was initiated to seek a negotiated solution to the conflict. The result was widespread social support for the peace initiative; a support that considerably increased the political cost of the armed group's having resorted to violence.

Instead of restricting and curtailing the exercise of freedoms, the government fully protected them. It guaranteed the basic freedoms of speech, movement, and assembly, and the right to make requests and to demonstrate. Our greatest efforts were intended to prevent new episodes of violence in that area and to settle the differences through dialogue. With a desire for peace and within the institutions, there is no limit to debate in the forum of ideas—not weapons—to seek reasons for and determine the direction of change.

Democracy is not a slogan that can be adapted to an armed group. It is a national process that is yet to be completed, and this has been proven within the framework of legal and institutional measures.

In fulfilling the legitimate social demands presented at the San Cristobal negotiations, an additional special investment was made to diminish the pressures for tillable land, to set up services, and to repair the damage that the violence caused to thousands of displaced residents of Chiapas. In spite of what has been done to date, more is still needed, and that is why the efforts continue. But this will still be insufficient until there is peace in the area and the law is upheld in the state.

Only conditions of respect, tolerance, and legality will allow the communities wracked by violence to reap unity and harmony—instead of division—in order to build the justice they are demanding and to which they certainly have a right. I reiterate that having transformed the armed confrontation in the first days of January into a political negotiation in the latter part of that same month is not the usual case in the history of this continent, but it was the only response compatible with the efforts toward modernization that we Mexicans have made. It required flexibility, prudence, and steadfast attention.

The priority goal was to keep the conflict from spreading to other areas of the country, which might have prevented the holding of the federal elections. The conflict has not been resolved, it has been contained. The ceasefire is still on, the violence has been halted, and the intention to internationalize the conflict was dashed. The Chiapas electoral process was held throughout the state, and advancements have been made in the resolution of the basic problems.

I issue here, before the nation, a new call for dialogue to negotiate terms to convert the conflict into a program of solutions based on respect, civility, and progress. This is what Mexicans want. Until the end of my mandate I will continue to promote a dignified peace for this region in Chiapas. [lengthy applause and cheers]

In 1994, we also experienced other attacks on the legal system and on peace and order which sparked concern in a large sector of society. People were kidnapped, including some well-known businessmen, for the purpose of obtaining money. Criminal activities appeared to be on the rise. This was a new challenge to the mandate of the authorities and to the freedom of citizens, who demanded and continue to demand improved effectiveness from the security corps.

The district attorney offices have made an exceptional effort to try to respond to the citizens' demands. The state's capacity to act within the purview of the law to counter criminal threats has increased, and the solution of many kidnappings, the blows dealt to drug trafficking, and effectiveness in the detection of fiscal crimes attest to it.

It is obvious, however, that there is still much more to be done. The public prosecutors have been able to clear up 88 percent of the kidnapping cases, and the arrest of the criminals involved is becoming more and more frequent. Other cases are still pending legal solution, but the responsible parties have already been apprehended.

Toward the end of March, Mexico received another hard blow to its tranquillity, its legal system, and its resolve to improve its institutions. A criminal attack cut short the life of Luis Donaldo Colosio, shaking public life to its very foundation and saddening the entire nation. His confessed murderer was arrested, tried, and sentenced to 42 years in prison. [shouts and chanting] The investigation has not yet been closed, and the special deputy prosecutor's office is committed to clearing up this abhorrent crime without any restrictions or limitations other than those set by law.

The political forces, the groups, the media, and society as a whole resents this blow that we have seen occur in other countries but believed could not occur here. Everyone has rejected it with equal firmness. The nobility of Luis Donaldo Colosio's goals are now felt more strongly, much more so, in our society. His message of democracy inspires a commitment to continue changing, advancing, and building the grandeur of the nation.

The warmth of his smile and the firmness of his proposals delved deeply into the people's feelings, much deeper than some had believed prior to March. By keeping him alive in their memories and in their hearts, the people have ratified the strength of Colosio's candidacy and his superior qualities as a human being. His example will live forever. His kindheartedness, generosity, reconciliation skills, and the deep commitment to the nation's best causes, especially to democracy, will be sorely missed, now and always. [lengthy applause and shouts]

In spite of the tragic events of the first quarter of the year, institutional life remained on its course. The political campaigns moved on and the 21 August elections were held. The hard-hitting popular will expressed on that date quelled concerns and dissolved uncertainty.

Just when tranquillity and calm seemed to have returned to the country, 40 days after that exceptional expression of civil behavior, a group of criminals claimed the life of Jose Francisco Ruiz Massieu [chants and slogans], a brilliant politician of exceptional intelligence and learning, and a man with democratic beliefs and a desire for transformation.

This event rekindled everyone's anger and concern. The entire society repudiated it. The investigations of this crime are being conducted efficiently. The person directly responsible for this action and several confessed accomplices are at the disposal of a judge. The Prosecutor's Office has all of the support necessary to fully continue with its work.

On our continent, Mexico endured a special situation for decades. It had not faced events such as the ones mentioned. At the end of 1993, no one imagined what was going to happen. This is why many Mexicans wonder: Why now? Why did these events take place one after another when we were gathering strength and our efforts were beginning to yield fruit? With the information and the evidence we have so far, we know the violent events of 1994 had various causes, but the contexts are similar.

They have taken place within the framework of unique international circumstances and at a moment of great importance for the republic.

The most significant recent event internationally has been the great transformation of the world. The end of the Cold War put an end to the bipolar logic that had permeated all international relations. This also marked the end of an equilibrium that gave the world a fearsome stability based on a fear of nuclear war. Nowadays we are seeing the confrontation of forces liberated by the East-West thaw and by the collapse of the Socialist Bloc, and we see divisive fundamentalism, xenophobic attitudes, mass migrations, and the intensification and multiplication of local conflicts.

There are debates between modernity and traditionalism, between globalization and localism, and between those who look forward and those who are nostalgic for the past. These debates are reverberating throughout the world and Mexico cannot shun them. Inside Mexico the moment is not any less pressing. The profound changes of the past years awoke hopes but also resistance. They affected interests as important as the changes themselves.

To this was added, in 1994, the tension that constitutional changes in the executive branch inevitably generate. This is a process that combines much expectation among the people, as well as a slackening of state institutionalism. This is why the meaning of each violent act must be seen in light of the risk they represented to the country, and this risk cannot be understood without admitting that the country's institutional stability was at stake.

The climate generated by the onset of violence in Chiapas and by its discursive antagonism against the institutions created conditions for the absurd acts of violence that have followed.

The actions had the common effect of creating unrest among the population and of trying to delay modernization.

What has really been important is the reaction of the Mexican people, their indignation and condemnation, their unity in support of the institutions, and their political participation in favor of law and peace.

Serenity, dialogue, and expanded liberties have proven to be beneficial. Politics, the economy, and social institutions showed strength in the face of these unprecedented events. The Mexican people demonstrated they are a grand, a very grand, nation.

I am not going to explain these acts of violence by taking the easy road to achieve a certain end—a road good for shifting attention, but an empty road.

These grave events mirror the work of isolated groups or individuals, but they can be fed by rejection of changes that have been made. Changes benefit the majorities, but they can also harm a few. Economic restructurings inevitably affect the interests and privileges of groups and individuals.

Social changes imply community mobilizations that dismantle rigidness, political bosses, and influence peddling.

Political changes eliminate power realms, open space for criticism, and modify the terms and the expectations of institutional struggles for power.

In a year, when the state will be opened like never before to make room for political competition, some people may be tempted to see lack of will or lack of firmness where there is only prudence, a spirit of negotiations and dialogue, which lead to moderation, and an explicit wish to avoid disruptions, which the people do not want and which they must not endure.

In these circumstances, some people may find the moment suitable for preventing the consolidation of changes that affect them, or simply for taking advantage of the situation. Not all the actions that have been adopted to face an unexpected situation were understood immediately.

Some people called for harsh actions. Others called for ignoring everything. Some called for a tightening of authority; for lightning actions, without any lawful basis, on notorious individuals; for the suppression of liberties, using the emergency as an excuse; for giving predominance to the use of force; and, in short, some called for for facing violence by defending created interests at any cost.

These persons did not realize that if the government were to play the provocations game and relinquish its duties, it could endanger what is essential to a nation: institutional stability, a viable state, a sense of fatherland.

We took the option of tolerance and democracy, of unlimited and unmprecedented respect for freedom of expression and demonstrations, of acknowledging severe criticism, and of reporting events, explaining their causes, and acting accordingly, without denying their existence or underestimating their importance.

We acted with the certainty that in the face of challenging circumstances, authority does not lie in the use of force but in the universal practice of politics and in the fundamental objective of our day: democracy.

Authority meant handling a challenging situation in a just way, in line with the law, avoiding stubborness, and opening democratic processes to an unprecedented participation by the civilian society.

Our objective was to talk, to explain, to negotiate, and to acknowledge Mexico's growing plurality, to construct a society more tolerant of diversity, a less ceremonial society, a society more critical of the state, more committed to equality before the law.

In Mexico there are laws for resolving conflicts, institutions for resolving differences, and a spirit of tolerance so that diverse tendencies may hold a dialogue and find common points.

Signs of a lack of governability cannot be hidden. These signs are: a sick economy with high inflation rates, chronic deficits, the growing shortage in supplies, noticeable unemployment, drops in salary, and monetary instability. None of this has happened in our country.

Other signs are: Rejection of the government, acute labor strikes and conflicts, the suspension of guarantees and freedoms, especially that of the press and expression, and the impossibility of carrying out political campaigns and of holding peaceful elections. This did not happen in our fatherland either.

On the contrary, in recent years we have taken important steps toward a healthy and growing economy. We have strengthened freedoms and given more justice to society.

We keep force within lawful limits and respect all opinions, and we seek rational agreements as an expression of our culture. Results speak for our decisions. We are united against violence, we are united in support of the law, we are certain that it is with more liberty and democracy that the nation will be able to best face its challenges.

Our changes speak of a nation that has rejected stagnation, that is being permanently renewed to face its problems and reach its grand collective goals.

This does not mean we are satisfied. No one can be when there have been actions that harmed all of us and when we need to grow more to better fight poverty, struggle more efficiently against impunity, and improve electoral competition conditions. We do have a fair idea of what situations we must face, and we must face them trusting in ourselves, because there are good reasons for that; with firmness, because the challenges we still face demand it; and all this within the framework of the law, because of our common convictions.

While the violent events of 1994 had the seal of tragedy, the reaction of the civilian society and of the political parties and groups, and the state's compliance with its responsibilities, opened, with the 21 August elections, the doors to a future of hope.

In January of this year, while the commotion produced by the violence in Chiapas was still under way, political parties and candidates to the presidency and to the government promoted a national agreement for peace, justice, and democracy. [crowd chanting in the background] This notably increased the democratic space for electoral competition. These agreements and the exemplary leadership of the General Council of the IFE [Federal Electoral Institute] and especially that of its president, the government secretary, allowed millions of Mexicans to go to the polls like they never had before.

In the days prior to the elections, there were rumors that it was better to stay home and to observe the events from a distance. Several groups tried to promote this fear. But on election day, instead of staying home and letting other people make their decision for them, more than 35 million citizens went to the polls to make their desires felt. Many of them went with their relatives, turning this civic obligation into a civic celebration.

Almost 78 percent of all listed voters cast their vote, an unprecedented high in Mexico and a rate that is matched only infrequently abroad. The voters turned out en masse because they knew that in addition to selecting their authorities, the republic itself was at stake. By casting their vote peacefully and in an orderly manner, each person assumed that their individual action was a social and political expression of the greatest importance.

Because of the civic force of this collective feat, the electoral event returned the serenity to the nation that had been interrupted. [chanting of "total rejection of electoral fraud"; video shows group of people carrying signs reading "electoral fraud"] Significant advancements were achieved, but these do not render baseless the demands for new improvements. For the first time ever, the nation had returns in good time thanks to quick count procedures and exit polls carried out by independent social organizations.

For their part, the authorities prepared a program to offer preliminary electoral results. The General Council of the IFE, the top Mexican administrative electoral body, ceased being an organization controlled by the state and by the parties—which even lost the right to vote—and instead the representatives of the independent citizen council groups became the majority of its members. The officials of the polling stations were chosen through two drawings to avoid any inclination in favor of any party.

Representatives of two or more political parties were appointed to more than 90 percent of the polling stations, where they maintained strict surveillance. In addition, for the first time ever, people had to go to the polls with an identification card that bore their photograph and with a new electoral register that was checked out in 36 different audits and which was verified nationwide by eight political parties and by an external audit by a Technical Council formed by 10 distinguished Mexican scientists who work in academic centers.

UN experts described the electoral register as one of the most advanced of its kind internationally. New laws were enacted regarding electoral crimes, and a special prosecutor's office was set up. The Federal Electoral Tribunal has responsibly carried out its duties. For the first time, there were national electoral observers and foreign visitors who oversaw the elections. Free air time for political parties on the electronic media increased by 180 percent.

For the first time in the nation's history, there was a televised debate between the candidates for the presidency, and the closing of the electoral campaigns were transmitted live. The election process was not a perfect process free of irregularities, but there was no pattern of ill intent in its actions. These electoral advances already form part of the nation's democratic heritage. The shared credit belongs to Mexican society, the political parties, and the government. I repeat, the historic importance of this election lies in the high level of citizen participation. A people who go to the polls this way cannot be deceived. These people have deep democratic convictions and a profound sense of what a nation is. With their attitude on election day, the Mexican people left behind fear, violence, and uncertainty, and took an unrenounceable and irreversible step forward to the new dimension of a more democratic, stable, and responsible country. Yes, indeed, a new Mexico awoke on 21 August—a Mexico of hope! [Lengthy applause and chanting of "Mexico, Mexico!"]

Today as yesterday and always, all of us must patriotically embrace Mexico's causes: sovereignty, freedom, justice, and democracy. The country was put to the test in 1994, and the nation emerged victorious. Today Mexico's sovereignty, freedom, justice, and democracy are stronger. This is proven by what we have done together in six years. In these tasks, no one remains on the fringes. The country's permanent unity is established in this pledge. [shouting continues]

I will continue to recount the things that were accomplished during these six years for the following purposes:
1. To prove what the Mexican people are capable of achieving. Without a reminder of the effort made, there will be no understanding of the force with which we undertook the challenge of our time.
2. To provide reasons to this Honorable Congress, not to deny shortcomings or injustices, but to prove the fulfillment of the duties entrusted to me.

In 1989, on the historical basis of a clear, firm policy of principles, I initiated an active strategy to promote Mexico's interests in the world. The international context, which was fully involved in a process of change, and the internal need for well-being in our fatherland, demanded it.

Six years ago, anticipating certain consequences of the great worldwide transformation, we foresaw new opportunities and challenges for the country. We set out to act accordingly. Our foreign policy strategy had two central elements: the reaffirmation of our principles and the diversification of our connections and relationships.

In response to the weakening bipolarity, Mexico needed to establish a new position in the world. In response to economic globalization, it was essential to end isolationism, distance ourselves from protectionism, and lead the country toward connections with the centers of worldwide dynamics, and particularly toward Latin America.

The worldwide transformation went much further than anticipated. In a few months the Cold War was over and the USSR had disintegrated. The formation of regional economic blocs progressed, but the GATT Uruguay Round was also resolved. These developments confirmed the relevance of Mexico's new foreign policy initiatives. In 1994 we intensified our efforts in the same direction. Mexico displayed at the United Nations, international organizations, Rio Group, and Ibero-American Summit its determination to find new means of political and economic coordination and to strengthen international law.

At the end of 1993, we strengthened our ties with China and Japan and joined the Asia-Pacific Economic Cooperation, APEC, mechanism. This year we became members of OECD, formed by the most industrialized economies on the planet. NAFTA went into effect in January, and it is achieving its goals: to clearly regulate the growing trade between our countries, encourage investment, and create jobs. We have thus diversified our relationships abroad through specific actions, and Mexico's position in the concert of nations has become stronger.

Our efforts in 1994 are added to the work done since 1989. During the course of these six years we established diplomatic relations with 29 countries; I held 392 meetings with heads of state and government, made 66 trips to other countries, and received 53 presidents from various areas; and we signed 306 treaties and agreements and 227 interinstitutional agreements. Mexico has been an intense, active presence in the world.

In Latin America, we established an increasingly fluid political dialogue that would promote peace and our common interests. We agreed to specific economic ties that are in full bloom, and we established much more intense cultural and counternarcotics cooperation.

Thirty presidential trips to the Latin American countries—much more than to any other region—and the free trade agreements prove that our interest is substantive. We promote integration with specific actions, not with symbolic pleas. [applause]

In the area of politics, the initiatives of the Ibero-American Summit, which we promoted, are the most noteworthy, as are the expansion of the Rio Group, the creation of the Association of Caribbean States, and many reform proposals at regional multilateral organizations. We also contributed to El Salvador's signing of the Chapultepec agreements in January 1992 and the talks between Guatemalans in our territory in their quest for peace and reconciliation. We have permanently rejected the economic embargo imposed on Cuba, supported immigration negotiations between that great nation and the United States, and opposed a violent military invasion of Haiti.

In the economic sphere, we signed the San Jose Agreement with the Group of Three to supply Central America with oil, and we promoted free trade agreements with the Central American nations based on the resolutions of the Tuxtla Gutierrez meeting in January 1991. The free trade agreements signed with Chile in 1992 are already in effect and doing well. Agreements with Costa Rica, Colombia, Venezuela, and Bolivia were signed in 1994. Mexico also participated in the Caribbean Development Bank. Regarding the large trade centers, finances, and technology, we undertook decisive actions that have already yielded results, the latest of which was NAFTA.

Our complex relationship with the United States has followed a constructive and respectful course, preventing differences on particular issues that might complicate a broad agenda of cooperation. Especially noteworthy are NAFTA, which is already in effect, and the legal agreements on the creation of the Border Commission for Ecological Cooperation, the North American Development Bank, and the Full Border Environment Plan.

Of course, such a diverse and complex relationship is not free of serious difficulties. Local political interests in California tend to blame Mexican workers for the ills of that society. Mexico reaffirms its opposition to that xenophobic campaign and will, in fact, continue defending the labor and human rights of our migrant workers. [applause, shouts]

The existence of 50 Mexican consulates in the United States allows us to provide systematic legal support to Mexicans as never before. We have also intensified dialogue between the two countries through the Bilateral Working Group for Immigration and Consular Affairs, the Binational Commission, and high-level meetings on border violence to prevent incidents.

We have proven that room can be made in our complex and traditionally traumatic relationship with the United States for respect, cooperation, and mutual benefits. By building on this, we concurrently undertook new initiatives in other regions, because once a decision is made to maintain increasingly intense relations with such a powerful nation, it is necessary to simultaneously seek rapprochement with distant friends. Under this strategy, we have diversified our international relations.

This year we celebrate the 50th anniversary of the establishment of diplomatic relations with Canada, which have been traditionally friendly and are currently very intense. During these six years Mexico has become that country's leading commercial partner in Latin America. Let us join forces to create, with the United States, a broad commercial opportunity that will allow us to deal with the challenges of the 21st Century.

Europe is an important center for worldwide economic dynamics, and an inevitable political factor in the world. Mexico signed with the EU a framework cooperation agreement that is one of the most complete of its type. In the area of bilateral relations, we signed with Spain a general treaty of cooperation and friendship; with Germany we created the Commission 2000; and with France the Binational Commission. The United Kingdom became Mexico's second largest investor; with the countries of central and eastern Europe we progressed toward the definition of a new framework of relations. Mexico is a founding member of the European Reconstruction and Development Bank.

The Pacific Basin is the most dynamic area of the world. It represents 40 percent of the world's total population and trade, and 50 percent of the world's wealth. We have seven more diplomatic missions than we did six years ago. Special attention has been given to our relationship with Japan and also with China, one of the powers of the future.

Mexico, because of the importance it attaches to this region, is a member of the Pacific Basin Economic Council, the Pacific Council of Economic Cooperation, and Asia-Pacific Economic Cooperation.

Up until 1988, Mexico's relations with Asia and Africa remained within the multilateral framework; now they also include bilateral relations. This also holds true for Israel, the Arab countries, Morocco and, most recently, South Africa.

At multinational forums we have prevented these countries, because of their traditions and geography, from claiming rights that would tend to violate our sovereignty. We have proposed reforms for a collective, legitimate, and clear security system, based on the principles of international law.

We have promoted cooperation among nations to fight extreme poverty. We have sought the consolidation of an open trade regime that can promote the expansion of world trade. We have given priority to the implementation of agreements for the protection of the environment, human rights, and fundamental liberties. We have worked for the establishment of a larger, more efficient, and multidisciplinary international regime for the fight against drugs. We have always talked about the need to respectfully coordinate the actions against drug trafficking with all nations.

We have promoted negotiations for the signing of the treaty for the complete prohibition of nuclear tests. We worked for the creation of an organization to ban the use of chemical weapons, an institution that will begin operating in early 1995. Mexico efficiently participated in the World Children's Summit, of which it was a co-sponsor, in the UN Conference on the Environment and Development, and in the International Conference on Population.

During the course of the seven years in which the Uruguay GATT Round was held, Mexico became one of the promoters of important proposals, which are now part of the final document of the Round and which have already been ratified by the Mexican Senate.

Six decisive years for Mexican foreign policy have gone by. We have faced the challenges of the Cold War and economic globalization. It has been an exceptional period that has required an effective strategy to put ourselves in tune with contemporary processes of change. Our capability to take action has been expanded because of our decision to diversify our relations based on principle. Our voice is heard with respect, our presence has a significance in the world. The image, the prestige, and influence of Mexico have been consolidated. All of this has strengthened national sovereignty. [applause]

We are stronger outside because of the huge effort we are making inside. We were able to carry out this work because we know the guardians of sovereignty are there, always ready, loyal, professional, and ready to give their lives for the defense of the nation.

The Armed Forces have courageously taken on their responsibility to defend the national territory, to preserve the national sovereignty, natural resources, and vital installations, as well as to maintain the peace for all Mexicans. When it became necessary, the Mexican Army guaranteed the peace for all Mexicans, whether they faced natural disasters or armed violence. I pay a sincere tribute to Mexican soldiers, who lost their lives in the fulfillment of their duty. [applause]

Mexican soldiers have risked their lives in the fight against drug trafficking.

In more than 8,500 operations, th Armed Forces destroyed marijuana and poppy planted in nearly 90,000 hectares, confiscated nearly 40 tons of cocaine, destroyed 1,349 illegal landing strips, and confiscated more than 21,000 firearms of various calibers. During these six years, the Army assisted close to 340,000 victims of natural disasters in 23 states and planted more than 150 million trees in its nurseries to revitalize the ecosystem. The Mexican Navy conducted a little over 1 million inspections to combat illegal fishing, confiscated 251 boats, and arrested more than 5,700 violators. The Armed Forces have modernized to keep on doing their work efficiently. At present, they are prepared to react more rapidly at any time and under any circumstances. The Armed Forces are better trained to carry out their duties and have better, more modern installations and equipment. In addition, their morale is high. More than 14,000 homes were built for Armed Forces members during this administration, nearly twice the number built in the previous 76 years. The Mexican Army, Air Force, and Navy have set examples of loyalty, discipline, dedication, and devotion to duty. They have done a good job and, with honor and patriotism, they will continue to watch over the nation's security and integrity. In fulfilling their duty, they have defended the homeland and the country's institutions, always abiding by the Constitution. Let them receive the Mexican people's respect and appreciation and the permanent recognition of their supreme commander, the president of the Republic. [applause]

Regarding internal policy, my government's priorities were three: to establish a better balance between the division of powers and federalism, extend freedom by increasing the protection thereof, and advance democracy in the country. During my term, the relations between the government branches have been respectful, and there has been ample cooperation among them. This made possible the adequate exercise of the functions assigned to each of them. Each year, I listened to what the judiciary had to say about its important function of administering justice Now, four members of the judiciary are part of the Federal Electoral Institute's Second Court, thus strengthening this jurisdictional institution. During these years, the true remunerations of judges and magistrates were increased by 54 percent. In addition, a special housing program was implemented for them, thus increasing the dignity of their standard of living. The Comptroller General's Office has provided detailed reports of the most important actions of the government and every agency, reports that were presented in the so-called White Books. In particular, these documents reported on the privatization of public enterprises, the solidarity program, and the works promised and completed during my 420 working tours throughout the country. All of this has been in addition to the timely presentation of the public accounts stipulated by the Constitution.

In these years, the legislative work was particularly intensive. The change took place through law and to change the law and, through this, to transform the reality by opening up perspectives of well-being for the Mexican people. Hence, the very important amendments in our Constitution and bylaws. Important changes were effected to limit or reduce the president of the Republic's constitutional and legal authority, thus improving the balance of powers. The idea was to make the president less discretional and more inclined to stick to the law. As a consequence, the president no longer possessed agrarian authority, which now rests with ejido and community assemblies and autonomous and independent agrarian tribunals. A competence commission, also autonomous, was created and this commission now regulates the elimination of monopolistic and oligopolistic practices. The Bank of Mexico's full autonomy is a fundamental step in the stability of our currency's purchasing power. No authority, even the president of the Republic, can demand that the bank issue money to refinance public expenditures. This provides political consistency, which ensures the country's financial (?stability).

As for electoral matters, because of IFE's autonomy, the executive can no longer decide the organization of the elections or electoral litigations. [people booing] In addition, the executive does not participate in the appointment of Electoral Council advisers. Regarding the Federal District's government, the reforms have limited the president's authority to matters of a clearly federal nature. A broad number of matters of common interest are now in the hands of the Assembly of Representatives, collegiate organizations, and a Federal District head with his own auhority. All of these are changes in the president's authority. This transformation is the result of the modernization process. In addition, federalism has become stronger in these years. We have a new, more efficient, and above all, more just, participation system, which takes into consideration each state's population, degree of development, and the efforts to collect local taxes. From 1988 to 1994, fiscal changes have made it possible for us to increase the participation of the nine states with relatively less development. This participation increased by 55 percent, 2.3 points above the national average.

Educational decentralization caused a considerable impact on our federal life. State governments now enjoy true authority in the national educational system. In addition, textbooks now include local subjects prepared in the same state. To provide greater balance in the neediest regions, social care and solidarity programs were revised. The management of territorial reserves, real estate, and highways has been transferred to the states. Within the party pluralism, the dialogue between the federal executive and state executives is fluid.

Currently, there is a climate of greater respect for the exercise of liberties. We are fully exercising our freedoms of movement, assembly, making demands, owning a business, employment, and beliefs, and above all the freedom of speech and of the press. Constitutional reforms were promoted to establish a new sense of civilian society to guarantee the freedom of beliefs. This issue has not been changed since 1917; the corresponding laws were a result of an agreement subsequent to the war of [word indistinct] in 1927. The reforms gave full guarantees to the freedom of religion and public worship. They granted equal legal status to the religious groups, consolidating—in a clear fashion—the separation between the church and state, supervising laicism in public education, prohibiting partisan conduct or the concentration of wealth in the churches beyond their specific goals. Currently, 2,272 churches and religious associations make use of the prerogatives granted by the new legal framework. In keeping with our current laws, we established diplomatic relations with the Holy See.

With regard to freedom of speech and press, the free import of paper was allowed. A special chapter was created in the National Human Rights Commission for the defense of journalists. Protection has been provided for reporters who have requested it. My government has maintained the greatest respect for the freedom of expression, without any interference whatsoever. The broad display of opinions and questions, without any censure, is clear to all. I reiterate, freedom of speech is always valuable and its going overboard is better than any attempt to restrict it. This will not diminish until the last day of my administration. [applause]

My government has made an unrelentness commitment to do away with impunity and to protect humankind's fundamental rights. Since its creation in 1990, the National Commission of Human Rights has received more than 31,000 complaints and has responded to 94 percent of these. Nevertheless, the full and satisfactory compliance with its recommendations is still not enough. In addition, we fostered constitutional reforms and reforms to the penitentiary laws that broaden the protection of the victims' rights and the right of due process for the accused. At the same time, we increased the cooperation between the states' justice prosecutors offices and that of the Republic to prosecute crime in a more efficient manner. To carry out these tasks, in 1994, the coordination of national public security was organized. This year, in the federal sector, 44 percent more investigations were carried out while 94 percent more arrest warrants were issued compared with the figures at the beginning of this administration. In the Federal District, seven times more investigations were concluded compared with 1989.

To achieve rehabilitation and to prevent overcrowding in penitentiaries, this month nine of the 12 new rehabilitation centers with a capacity of 11,500 inmates will begin operating. In the pursuit of justice, we never accept a false dichotomy between security and the protection of human rights. Both of these were constantly demanded during my administration. We have applied the law when human rights were violated instead of protected.

I take this opportunity to pay homage to all those who, from the diverse trenches of this struggle against impunity, within our police institutions, from national human rights systems, from nongovernmental institutions or individually, have made their best effort to end this scourge that harms us so much as a community. The inefficiency in public security tends to foster demands of stronger measures and results at all costs. We must increase the capacity to offer solutions to combat crime, now and always, but not at any cost or by infringing on human rights, now or ever. [applause]

It is evident that there is still much to be done. Mexico has begun a human rights and personal security movement, and there is no turning back. The people demand it, give it its rightful value, and hold it as their own. The fight against drug trafficking is the most important of all these issues. This malignant business is now mixed with the violence we have been suffering. This is why we have increased the funding for health crime attention by 230 percent since 1989. Since the beginning of my administration and up to August of this year, we have destroyed over 128,500 hectares of marijuana and poppy plantations; seized more that 2,850 tons of marijuana, 243 tons of pure cocaine, over 1 ton of opium, almost 1 ton of heroin; and arrested over 102,000 people for crimes against the public health.

The war against drug trafficking is our war, because this plague affects our institutions, social harmony, and family life. Although we arrested many of the leading drug traffickers, this business in so productive in the consumer nations, that the vacuum they leave is soon filled by others seeking the high profits of this vicious business. As long as profit levels are not cut in the high consumer nations and more is not done to dissolve the gangs and capture the leaders over there, each success we see here will only be temporary.

The tradition in Mexico regarding refugees is unchanged. We now have a new legal framework, under which over 42,000 Guatemalan refugees have found protection. We provided the highest security conditions for over 13,000 of these Central Americans, who voluntarily returned to their country over these last six years, in coordination with the UN High Commissioner for Refugees. While we promote the legal presence of foreign citizens we also ensure they abide by our laws. We deported over 688,000 people who broke the law. We have also acted decidedly against the gangs that profit from smuggling people in and out. During the last year, we brought 1,400 members of such gangs to justice.

We are promoting a new approach to natural disasters, so as to protect the lives of the Mexican people and their belongings. This is the role of the National Civil Protection System. Between 1990 and 1994, the system has funneled 2,378 tons of relief supplies of all kinds, particularly in Nayarit and Chihuahua this month. We are providing more than 20,000 people, who were pushed out of their homes by the conflict in Chiapas, with protection and assistance until they can return to their communities.

When I took my oath as president, I proposed a new political agreement to move our democracy forward. The intense and encouraging discussion between the various political forces renewed our electoral system in several successive reform plans. The organization, representation, and evaluation of the electoral process has changed for the good of democracy. In examining our election system we must remember where it came from. The law on this subject dates back to 1918. For 30 years after its proclamation no attention was given to the need for specialized federal authorities, voter registration lists, or somewhere to file a claim. The law did not even suggest the issue of legal status for the political parties.

The electoral law of 1946 allowed the installation of a voting table with the first five citizens who came forward. The political parties had no other assurance than to be a minority on the Electoral Council, even though the voter registration system was implemented. The more significant reforms carried out over the following years was the creation of the position of the so-called party deputies. This allowed the entry of minority parties into the congress in 1964, based on the votes cast in their favor. It was not until a major reform was carried out in 1977 and 1978 that the Electoral Branch and the Chamber of Deputies implemented a proportional representation system, the political parties were granted public interest status, and the various phases of the electoral process were regulated.

In 1986, a new reforms package adjusted the representation system and the composition of the electoral organization. The reforms expanded the parties' rights and created a special court to settle disputes and make recommendations. We now have a more balanced representation system, which is more appropriate for the more mature political party system; the governability clause was repealed as well as the possibility of one single political party reforming the Constitution. The Senate has twice as many members, 32 of whom come from the second political power of each state and from Mexico City. The organization of the election is in the hands of independent citizens elected by the Chamber of Deputies from nominations presented by the political parties represented at the Chamber. [unidentified persons jeer and shout] The organization of the election is now more impartial and independent. We have a new system to evaluate the election process. The organized electoral bodies are tasked with certifying the validity of the senate, deputy, and representative elections, thus ending the so-called self certification. We have a tribunal with full authority and jurisdiction to solve electoral controversies [unidentified persons jeer and shout]. An indirect election method for selecting the head of the Mexico City Federal District, which will go into effect in 1997, and the Assembly of Representatives expanded its regulatory and jurisdictional authority.

Democratic organizations represented by delegates were created. These organizations encourage citizen participation in the search for solutions to their needs. As I have said, progress in our country's democraitc life can and should be improved. The steps that have been adopted so far represent strong encouragement and firm backing for efforts aimed at making new progress.

In the economic field, the challenge I asssumed at the beginning of my mandate was clear: to reduce inflation and to recover growth on a lasting basis to create jobs and to improve the standard of living of the majority.

Today, looking back without failing to admit that there is work to be done, we can feel encouraged by what we have achieved: We have consolidated the defeat of inflation, the most unjust of all taxes, the one that most severely hits the economy of families; we have eliminated the fiscal deficit and we have strengthened the competitiveness of our production apparatus.

We have initiated a phase of gradual and sustained economic growth that promotes the creation of permanent jobs and has increased real salaries and strengthened the struggle against extreme poverty.

We have left behind the problems of debts, deficits, inflations and crises. We have assumed the challenge of improving productivity, promoting investments, and improving the distribution of wealth. We have made progress in what is important: in expanding opportunities in justice and well-being.

In February 1988, annual inflation reached an unprecedented peak: 180 percent; in 1994, the inflation rate will be approximately seven percent, with full staple supplies.

In the past six years, the GNP grew. During the first five years, the annual increase was 2.9 percent, more than the population growth. In 1994 we will again have a GNP larger than demographic growth. Private investments grew from 1989 to 1993 at an annual average of almost 10 percent.

During the first semester of 1994, the GNP had a real growth of 2.2 percent; in July of this year, industrial production was 4.5 percent higher than that of July 1993, with an accumulated growth of 2.8 percent during the first seven months of 1994.

The construction industry grew 6.4 percent between January and July of this year. The electricity sector grew 6.6 percent during the same period. Various segments of the manufacturing industry also experienced growth, such as the production of metals, machinery, and equipment, with an accumulated growth during the first seven months of the year of 7.2 percent. The basic metal industry grew 8 percent during the same period.

We expect our entire economy to grow almost 3 percent in 1994, which means the economy as a whole will grow at a rate of nearly 4 percent during the second half of the year. Given the difficult moments the country has experienced in 1994, these growth rates are encouraging when compared to the goals we had originally set out to accomplish. Even more important than the figures themselves, the importance of the current economic reactivation is its stability and permanence.

For the first time in 25 years, Mexico has begun a phase of economic expansion that is not based on excessive indebtedness and artificial increase in demand. It is of a permanent nature because it is based on a substantial improvement in business productivity, dynamic private investments, and an increase in the export of manufactured products.

The nature of this reactivation allows the country's economic growth to be maintained in the long run without creating inflation. To create the jobs demanded by the young people of Mexico it is necessary to increase the economy's growth rate. That is why in my administration we implemented a structural reform of the country's production apparatus that can increase the country's sustained growth potential.

We signed free trade agreements and we reorganized the system that regulates the country's domestic economic activity to create conditions of competition. We eliminated unjustifiable subsidies and we promoted clear norms to improve the performance of the economy.

As for inflation and growth, in 1994 we are going to attain the goals we set out to accomplish a year ago. Despite the internal and external adverse situations, our inflation rate continued to drop, public finance discipline was maintained, and economic activity and investment were strengthened. Financial markets, especially the exchange market, have maintained their normal activities despite many predictions. The stability of our economy, the effects of our reforms, and the confidence we all have in Mexico have made it possible.

Our macroeconomic stability has been based on the correction of fiscal and monetary imbalances. The proper drafting of policies on government revenues and expenditures allowed us to reduce the deficit from 12.5 percent in 1988 to surplus margins of 0.5 and 0.7 percent of the GDP in 1992 and 1993, respectively.

These results do not include the revenues obtained from privatization of public enterprises. This year, the goal of a balanced budget will be achieved; for the third year in a row there will be no fiscal deficit. The elimination of the deficit was achieved by structural correction in public finances. Fiscal balance is sustainable in the future. The government has ceased to absorb the savings of society, thereby consolidating macroeconomic stability and releasing resources to finance productive projects for the private sector.

To institutionalize the stability of a wise monetary policy, in 1993 the Congress granted autonomy to the Bank of Mexico that established among its goals achieving price stability. I reiterate that no authority can force it to grant financing.

The strengthening of fiscal revenues was based on a thorough fiscal reform. The reform combined a large number of taxes and lower tax rates, increasing the number of taxpayers by effectively combating tax evasion. The modification of the income tax laws benefits workers with lower salaries. Workers who received up to twice the minimum salary were exempt from paying this tax while income tax was reduced by 50 percent for those of lower income levels. In this way, since October 1993, the workers with incomes less than two minimum salaries receive a fiscal subsidy while the workers who only earn one minimum salary, increased their income by approximately 10 percent. The number of active taxpayers, other than workers on a payroll, went from 1.78 million in 1988 to 5.66 million taxpayers this year. Between 1989 and August 1994, approximately 700 complaints were filed on tax evasion for amounts equal to this year's expenditure on the educational infrastructure and adequate schooling.

Let us recall that in the 72 previous years, only two sentences were handed down for tax evasion. With less taxes, lower rates, simplified systems, and better compliance with fiscal obligations, we strengthened the federal government's tax collection, which was increased by 32 percent in real terms between 1998 and 1994. We increased the purchasing power for the lower income sectors while we fostered savings, investment, and competition of the local companies.

With regard to public spending, we proposed to spend less but better. We spend less in interests payment of public debt, while we invested more in social welfare programs and in basic infrastructure. Throughout my administration, the total net expense of the public sector would have accumulated a 25 percent reduction in real terms as a result of lower payments of interests on public debt. At the same time, between 1998 and 1994, we duplicated in real terms, the resources of social expenditures.

The state reform implied the restructuring of the state-run sector. Strategic companies were strengthened and the majority of the others were privatized; that is 415 state-run companies, 67 percent of the total. After December 1990, with the resources generated by the temporary increase in the price of petroleum and those resulting from the sale of enterprises, we created the Contingency Fund. To the extent that economic stability was consolidated, we decided to use the greater part of these resources to pay off and reduce the debt. At the close of September, the Fund presented a balance of 521 million new pesos.

With resources from the fund and the fiscal surplus we have radically reduced public debt. The total net public sector debt, consolidated with the Bank of Mexico, went from 68 percent of the GDP in 1998 to 22 percent this year. Its true value was reduced by more than 60 percent. This has allowed the reduced payment in interests for total debts from 18 percent of the GDP in 1988 to only 2.5 percent in 1994. In terms of the budget, this reduction of the debt implies that interest payments were reduced from 44 percent of public spending in 1988 to only 10 percent currently. With this, we had the opportunity to increase social spending and basic infrastructure in a permanent manner. In the last four years, the federal government has maintained a credit position with regard to the Bank of Mexico, contrary to the permanent debt situation of previous years.

Currently, the balance of the federal government's net internal debt is approximately 5 percent of the GDP, 15 percent less than its levels in 1988. The renegotiation of the foreign debt achieved what we had proposed; that is, to end the net transfer of resources abroad, reduce the total amount of the historical accumulated debt, assure net resources during a wide period, and reduce the debt's true value and its proportion to the GDP. This lower historical balance of our debt is accompanied by an improved structure of maturity dates. In the first six months of 1994, only 6 percent was fixed at less than one year.

Mexico's present net public debt represents approximately 17 percent of the GNP. In 1988, this debt represented nearly half of the entire Mexican production. Mexico has consolidated its return to the voluntary capital markets. The macroeconomic stability and structural changes in the productive system have increased the Mexican economy's growth potential and have made possible numerous investment projects. Mexico stopped transfering money abroad, and large amounts of money are entering the country in the form of investment. Let us keep this in mind. We progressed from transferring money abroad, equivalent to 6 percent of the GNP, to receiving money equivalent to 3.2 percent of the annual GNP from 1990 and 1993. From 1989 to June 1994, foreign investment increased to nearly $50 billion, a figure that doubled the six-year goal. Overall, the surplus in the balance of payment's capital account reached $31 billion in 1993. The flow of foreign resources, which includes foreign investment and other funds, reached more than $12 billion in the first semester of 1994. The natural offsetting entry of the surplus in the capital account is a deficit in the current account. This deficit indicates that the country is using foreign resources to expand the national production capability more rapidly than by using internal financing only. Unlike in the past, foreign resources are used to finance investment projects of the private sector. This has resulted in a greater private investment in relation to GNP, making it possible to modernize further the production capability and change the economy's structure without touching the reserves.

Yesterday, international reserves deposited in the Bank of Mexico amounted to $17.242 billion. It is worth mentioning that these reserves do not include reciprocating support reserves contracted with financial authorities of several countries, reserves that are not being used. The reserves' level makes it possible for us to strengthen our currency. We have consolidated permanent sources of internal savings to support the financing of productive investment. The balance of financial savings in 1988 represented 29 percent of GNP. In 1993, they represented 49 percent of GNP. Financial savings continued to increase this year. In the first nine months, they increased by an average annual 14 percent.

The elimination of the public deficit and the strengthening of financial savings made it possible to increase loans to the private and social sectors, loans which constituted 14 percent of GNP in 1988 to 39 percent in 1993 and continued to move upward in 1994. They grew by a true national annual average of 18 percent. The consistent management of the monetary policy and progress in the stabilization strategy resulted in an interest rate decrease starting in 1988. The nominal yield of CETES [Treasury Certificates] at 28-day maturity rates dropped from 52 percent in December 1988 to 13.6 percent in October this year. True rates continue to decrease on a long-term basis. The introduction of the new monetary unit in 1993 and temporarily called new peso has markedly simplified accounting procedures and the recording of figures in the national currency. This year, we have progressed in the gradual substitution of the old pesos for the unit, a process that we expect to complete by 31 December 1995. A new issuance of bills has been circulating since October 1994. This is the first time in the history of paper currency in Mexico that a new complete family of bills has been put into circulation. The exchange policy gave certainty to investment decisions, helped reduce inflation, and kept the economy competitive. Within the framework of the pact, we established a mechanism for gradual transfer to parallel markets. In November 1991, we eliminated the exchange control in force since 1982, and at the same time, we established a floating strip of the peso in relation to the dollar. This new strategy gave more flexibility to the exchange rate on a short-term basis and stimulated greater stability on a long-term basis with less intervention from the Central Bank.

The modernization of the financial system is part of the structural change. The financial reform included four main aspects: making the juridical framework adequate, liberalization and greater competitiveness, modernization of the developmental banking, and strengthening of supervision. The Permanent Constituent Congress approved the constitutional amendment that restored the mixed-property system in the offering of banking services. The congress approved and amended laws to regulate the financial system. The most important of these laws include the Credit Institutions Law, the law to regulate financial organizations, and the legal provisions to internationalize the capital market. Deregulation and new financial intermediaries have elicited great competitiveness. Interest rates on time deposits were freed, selective credit bands were eliminated, and the minimum bank deposit in the Central Bank disappeared. The federal government's assets were transferred in the 18 multiple-banking institutions from 1991 to 1992. To take advantage of scale economies and to stimulate the development of a universal competitive banking system, the creation of 29 financial groups, made up of 181 institutions, was authorized. From 1992 to 1993, 18 new multiple-banking institutions owned by Mexicans were authorized to operate. The number of credit unions more than doubled during the present administration and more than 300 diverse financial institutions, including stock brockers, insurance companies, renters, and exchange brokers, have been authorized.

We authorized 52 foreign financial companies to establish branches that resulted in an investment in new pesos equivalent to more than $1.2 billion. The effective negotiation of NAFTA's financial opening guarantees that the control of the system of payments will always be in the hands of Mexicans. We modified the stock market's regulatory framework, promoted the stock exchange's internationalization, and made public bids for unprecedented amounts.

The development banking sector redirected its operations to micro, small, and medium-size firms. It improved its funding sources and eliminated unjustified subsidies. To strengthen the development banking sector, a strict regime was established, covering regulations for capitalization, assessment of credit holdings, and setting safeguard reserve funds.

The opening and liberalization of the financial system has generated greater competition and forced intermediaries to offer better services, reduce profit margins, and give clients better terms and rates. Now, the financial authority has a legal framework compatible with the economic opening and can preventively intervene to reduce risks for investors and account holders. It can also intervene in a corrective manner and strictly apply the law when illegal actions are proven. The authorities' effective supervision will allow us to concurrently achieve strong competition between intermediaries and a stable system.

In our current times of increasing globalization, we require a broad interrelation with the international economy to take full advantage of our country's competitive edge to ensure investment proceeds, jobs, and sustained improvement in our standard of living. Without a doubt, the increased capital, along with bolstering income, has added advantages, and the economic opening has favored the creation and redistribution of jobs.

The country's export capacity has been increased by our macroeconomic stability, the commercial opening, government-promoted agreements to open foreign markets, and the deregulation of our domestic market. Because of this, our exports jumped from a bit more than $30 billion in 1988 to almost $52 billion in 1993, and we exported $39 billion during the first eight months of this year. Our imports also have registered a significant increase. They went from $28 billion in 1988 to $65 billion in 1993, and we have imported almost $51 billion as of August 1994. The import of standard goods and capital represents almost 90 percent of the import invoice. Our new export conditions have furthered noteworthy activity in the manufacturing sector. The manufacturing sector's participation in our total exports figure climbed from 56 percent in 1988 to nearly 70 percent in 1994. Our oil exports only represented 12 percent of our total exports. The Mexican economy is no longer based on oil.

In these past years, we have established a [two-second break in transmission] almost all of the advanced import permits have been replaced and duties are duly paid and, therefore, tariffs have been reduced. We also have strengthened the mechanisms to promote exports and to defend ourselves from international commerce's deceptive practices. In 1994, the National Foreign Trade Bank will grant nearly $16 billion to incorporate more than 20,000 new firms into export activity. The Joint Committee for the Promotion of Exports was legally established to coordinate efforts and reach agreements between authorities and our exporting community.

NAFTA has allowed us to diversify our markets, to acquire capital, and to gain access to advanced technologies. From the very beginning, we clearly established that we would not negotiate a common market but a free trade agreement that would first allow the country to fully maintain its sovereignty and that would adhere to the Constitution and, second, that would create permanent and stable conditions for Mexican products to have access to those markets.

In the period covered by this report, the legislative branches in Mexico, Canada, and the United States approved and ratified NAFTA, which had been signed by the heads of state of the three countries in 1992, as well as the parallel agreements signed in 1993. Thanks to this, the treaty went into effect on 1 January 1994. The treaty has created unprecedented conditions to increase our exports, and the initial numbers confirm this. Mexico's sales to the United States between January and August 1994, as compared to the total sales for the same period a year earlier, increased 22 percent. Our non-oil exports increased 25 percent. Our manufacturing sector registered the largest increase with a growth rate of 27 percent. Our exports doubled the amount exported to the United States by the rest of the world. The sales to Canada also grew 36 percent in the first half of the year. Foreign investments also have shown a substantial increase as more than $10 billion entered the country between January and September 1994.

On the one hand, these results are evidence that Mexico is successfully meeting the challenges posed by economic opening. On the other hand, the country has been able to take advantage of the benefits offered by the treaty to attract capital and technology, increase its productivity, and successfully compete in North American markets. In this respect, the treaty has become a powerful instrument to attract new investments, create productive employment, and improve the welfare of all Mexicans. At the domestic level, during the past six years, we have been able to actively implement the reforms within the framework of regulating economic activity. [shouts heard in the background]

From 1989 to 1994, approximately 60 areas were deregulated. The new federal law on economic competition completed the deregulation program by including diverse provisions that allow the state to take corrective action to prevent monopolistic practices.

Through dialogue and joint work, we implemented a profound overhaul to reactivate production in the countryside with greater freedom and justice. [shouts heard in the background; someone in the audience shouts: "Lies! That is a lie!"] Now, peasants have full rights over their lands based on the reforms to Article 27 of the Constitution. They also have revamped institutions and instruments of direct support. [shouting from the audience grows louder] As a whole, the reforms reinforce the peasants' ability to produce within a framework of freedom. They have a new relationship with the government. Bureaucratic paternalism is yielding to respect and support for individual and community-based initiatives. Peasants have become the masters of their own transformation. [shouting continues]

Over the past six years, the production of the 10 major farm products grew at a rate twice that of the nation's population. Today, all of the corn and beans we consume are produced in Mexico. The increase in the cultivation of fruits and vegetables has been substantial. In terms of the livestock sector, the supply was maintained, and until June of this year this sector registered a surplus in the trade balance, as sanitation regulations were coordinated and transactions were expedited. [shouts heard in the background] Without a doubt, we are far from what the countryside needs and deserves, but the bases to truly upgrade the peasants' quality of life are already in place.

Aided by the new legal framework, we were able to clear the backlog in the agrarian sector, as we were able to process the backlog of endowment [dotatarios] files. We handled in full all feasible residential resolutions by formalizing at the end of this administration the donation of 5.5149 million hectares to 169,234 countrymen. The Attorney General's Office and agrarian courts are tenaciously working nationwide, promoting and monitoring compliance with the law. From 1992 to June 1994, the Higher Agrarian Court resolved 1,223 lawsuits that were lodged prior to the amendments to the legal framework and issued favorable rulings to hand over 1.1 million hectares to 71,000 peasants.

We undertook an ambitious program to hand out land titles, PROCEDE [Ejido Rights Certification Programs], to allow peasants to fully exercise rights granted to them under current legislation, and, in turn, this stimulates investment and production. Through PROCEDE, the official registration of the country's 29,000 ejidos will be completed. This year, more than 15,000 ejidos have already been registered thanks to the decision of their assemblies. At the end of this administration, 1.250 million certificates and deeds will have been handed out, covering approximately 7.5. million hectares of land.

We gave a legal guarantee to farmers in the countryside who are occupying state lands, because during the six years of my administration, my government handed out 581,693 property deeds. The handing out of property deeds puts an end to boundary conflicts between communities and families, gives assurances to the rights of ejido owners and laborers in communal lands, and does justice to small landholders who had lived in uncertainty and oppression for so many years. This is something that has been put in order, an act of justice, and also a guarantee of social harmony. [shouts and applause]

In the past six years, we completed 32 dams with an overall capacity of more than 12 billion cubic feet, or 8 percent above the storage capacity that existed in 1988. We can point to the Miguel de la Madrid Dam in Oaxaca State, Constitution Dam in Apachinga in Michocan State, the Ramon Corona Madrigal Dam in Jalisco State, and La Zurda system, and the largest dam for drinking water—the Cuchillo Solidaridad Dam in Nuevo Leon State. From 1989 to 1994, 206,000 new hectares were opened for irrigation, 646,000 hectares were recovered, 325,000 were improved, and 293,000 hectares of lands for temporary use received the benefits of drainage and roadway infrastructure. The water infrastructure projects for agriculture were implemented with the participation of users. In these past six years, 75 percent of the irrigation districts were handed over to organized users. Also during this period, bank loans for the countryside rose in real terms by 127 percent.

We improved the effectiveness of farm insurance, because from 1991 to 1994 we increased by 40 percent the lands rendered suitable for insurance, almost doubling the total amount of land insured. In the past six years, public spending earmarked for rural development increased 44 percent in real terms. From the start, we modified the price policy by gradually replacing the guaranteed price system, which mainly helped farmers who had surpluses, with a system of direct assistance. This year it covers all peasants who farm basic grains. The guarantee prices were not just or honest and generated distortions along the chains of production. Procampo [Program of Direct Support to the Countryside] has helped improve the peasants' situation.

With a quarter of the monetary revenues, 60 percent of the homes in rural areas now come from Procampo. This is why the new policy contributes to a more equitable distribution of revenues while it promotes the reconversion of those product lines in which we can be more competitive. For the first time, 3.4 million peasants received direct support totaling 4,700 billion new pesos. In July 1994, I issued a decree that regulates Procampo's operations, establishing Procampo's permanency for 15 years.

To stimulate fishing activity, we broadened the private and public participation in the exploitation of species formerly restricted. A total of 47,000 hectares were devoted to mariculture. This year, mariculture shrimp production exceeded 15,000 tons. This is an unprecedented amount in terms of overall mariculture production. At the same time, the state reinforced its strategic presence in the establishment and ordering of mariculture areas. It supported the capitalization of cooperatives; tripled public investment earmarked for the development of fishing infrastructure; and applied out-of-season regulations to protect marine species such as dolphins and turtles. The new fishing law granted concessions specifically to the public sector. The debts of cooperatives also were restructured—those on the Pacific coast as well as of the Gulf of Mexico.

In the industrial sector, the structural reforms have translated into noteworthy increases in Mexican companies' level of production. In 1988, labor productivity in the manufacturing industry was increased annually by 3.5 percent; in 1994, this sector's productivity rose to rates that exceeded 8 percent, considerably higher than that of our main trading partners. The improvement in productivity is the fundamental factor in achieving a sustained real recovery of salaries, increasing our economy's ability to compete internationally.

The promotion of micro, small, and medium-sized businesses has been a top priority. The National Financing Organization has supported in these six years more than 415,000 companies, while the Foreign Trade Bank has supported more than 50,000. A half-million small and medium-sized businesses have been given support. To increase the access small businesses have to various markets, particularly the international markets, the creation of 350 credit unions and 90 integrated companies were sponsored.

Over the past six years, Mexican Petroleum [Pemex] experienced a thorough administrative restructuring, and this is why it continues to be a pillar of the nation's development. The 1980's trend of investment spending was reverted. The average production of crude oil and natural gas was heightened. In January 1994, the reserves totaled nearly 65 billion barrels of crude, guaranteeing at the current rate of exploitation the supply of petrochemicals until the year 2043. We now hold sixth place worldwide in terms of reserves. Despite the petrochemical industry's adverse international situation, production increased. The integration of productive chains was improved, while private, local, and foreign investment was promoted within a broad reclassification of the basic petrochemical industry. Environmental protection is being fostered by favoring the production of gasoline and liquid gas of high ecological quality.

Under its new basic law, Pemex was able to consolidate itself as the largest national company of all Mexicans. The changes in Pemex have served to strengthen it and to make it an efficient and competitive company that will better serve the Mexican people. I express my acknowledgment to the workers and authorities of this company, who, through their actions, have sparked the nation's historical gain.

The electric power industry is another backbone of the nation's development. This is why we have encouraged its strengthening through greater investments to meet high levels of increasing demand. It has a new legal framework and a new regulating commission that encourages the participation of the private sector without altering the state's constitutional responsibility to supply this public service through the Federal Electricity Commission and the new Central Power and Light Company. During my administration, the installed capacity to generate electricity increased 35 percent.

In six years, 18 new power plants were constructed. These stand out—the Carboelectrica Carbon 2 facility, the second unit of the Laguna Verde nuclear electric plant, the dual plant Plutarco Elias Calle in Petacalco, the Adolfo Luis Mateos thermoelectric plant, and the Valetin Gomez Farias and Mapan Amahuilpa Solidaridad hydroelectric plants. The last one is one of the largest plants with a total capacity to supply 10.2 percent of the demand of the inhabitants of the nation's western region and the first hydroelectric plant for which construction was initiated and concluded within a six-year term.

In terms of the power grid, by November 1994, 103,000 km of transmission and distribution lines will have been incorporated; this is 22 percent more than in 1988 and is equal in length to 2.5 times the earth's circumference.

We promoted the modernization in the mining sector by revising the regulatory framework, simplifying administrative procedures, modifying the tax regime, releasing mining reserves, and privatizing state-run companies.

New opportunities have been opened to local and foreign investors. During my administration, 5.2 million hectares of mining reserve areas have been privatized, which is 97 percent of such areas maintained by the state in 1988. Mexico is now among the top 10 nations of the world in the production of minerals.

The communications and transportation infrastructure was broadened and modernized through private sector participation in construction and operations.

By November 1994, 6,294 km of new freeways will be open to traffic. This exceeds by 58 percent the goal set at the beginning of this administration, increasing the length of national highways six times. Highways whose operation had been granted to private individuals will revert to the state when the grants expire. In addition, 44,000 km of trunk highways were repaired and maintained. In rural areas, 10,000 km of feeder roads and secondary roads were built.

The Mexican railroad system has seriously lagged behind but has the means for its transformation through a more flexible commercial policy, which will make it possible to recover the cargo levels that existed prior to 1988. The private sector's participation has helped build and put into service interior cargo transfer terminals. Currently, we have advanced satellite communication systems for controlling traffic. We have a new, modern, and flexible legal framework for the general reconstruction of ports, which will become autonomous, financially self-sufficient organizations. To date, 17 port authorities have been created. Regarding the airport system, 17 of the busiest airports were expanded and refurbished with the participation of private corporations. In addition, the Tepic, Colima, and El Bajio airports were completed.

The Solidarity 2 satellite was launched and placed into orbit in October. This will serve to extend the rural telephone service to communities with less than 500 inhabitants at a cost still unparalleled by any other system. In addition, our services in the international telecommunications market will be expanded. We have significantly advanced in the reconversion of tourist activities with new attractions in environmental tourism, colonial cities, and archaeological centers, such as Maya world. Today, we place eighth in the world in tourist attractions. The development of 15 tourist megaprojects throughout the nation's territory has helped expand our lodging which, in 1994, exceeded 374,000 rooms. Tourist activity shows a favorable balance from 1988 to 1994 of $11 billion. This has put the Mexican tourist sector in first place among Latin American countries. Nearly 6 percent of all foreign investment has been channeled into the tourism sector, which represents 3.2 of the GNP and employs nearly 2 million people.

The purpose of change is to promote justice and improve the well-being of the family. Without a doubt, the reduction in inflation has been vital in offsetting one of the main sources of revenue concentration. This is essential, but not enough. The state must implement a deliberate social policy to raise the standard of living by benefiting more those who have less. This requires money, organization, and commitment. We have worked on this over these six years. In 1988, only 34 centavos were devoted to social development for every peso disbursed by the public sector to pay interest. Today, more than four pesos are devoted to social expenses and to reduce extreme poverty for every peso in the amortization of the foreign debt. This made it possible for educational expenditures to double in real terms. The health sector grew by 81 percent; urban development, potable water, and ecology increased by 51 percent; supplies by more than 77 percent; justice and security by 68 percent; rural development by 44 percent; and Solidarity Program spending by more than 250 percent. This is the most important change in the trend of expenditures over the past 25 years, and it indicates a firm commitment to the well-being of the Mexican people.

Today, the Mexican people number approximately 90 million. This means that 10 million were added to the total population in six years. The population growth rate declined from 3.2 percent in 1970 to 1.8 percent in 1994. To attain this reduced demographic growth rate, we encouraged a successful population control policy, while respecting the people's dignity and freedom. This was helped by the work of national, state, and municipal population councils. Despite the population increase, social policy succeeded in turning back the decline in the population's standard of living, according to an index drafted by INEGI [National Institute of Statistics, Geography, and Information Science]. From 1984 to 1989, this index showed an average annual rate of decline of 0.6 percent. From 1989 to 1992, this index improved by an annual rate of 1 percent, a trend that continued to a lesser degree in 1993 because of a drop in economic growth in that year. We expect to see better results in 1994.

Employment is the best possible means of combating poverty and lighting the road toward justice. We have created more jobs, but we admit that we have not created the number of jobs that we intended. [booing from members of the audience] The process of modernization and reconversion of enterprises requires time and maturity and coincides with the highest historic number of Mexicans of working age. Nevertheless, in the past six years, the number of salaried workers permanently insured by IMSS [Mexican Social Security Institute] increased by 26 percent. The indexes of the country's overall unemployment oscillated starting in 1988, with the exception of 1993, but they began showing signs of a positive trend starting in May 1994.

The active policies to create jobs implemented during this administration allowed us to reduce the unfavorable effects of the industrial reconversion process and the economic recession.

The National Employment Service processed 77 percent of nearly 1.9 million job applicants. A total of 465,000 scholarships for unemployed workers were granted. The reduction of inflation and sustained growth in production have allowed us to meet the real expectation of workers. Average salaries of workers under IMSS rose 22 percent in real terms between December 1988 and August 1994.

Salaries and wages in the manufacturing industry averaged a real annual growth of 6.3 percent during the first five years. In the previous decade, wages decreased by a similar percentage. During the first five months of 1994, real wages rose by 4.8 percent. Salaries increased in direct proportion to the GDP. [shouting heard in the background]

As a result of the signing of the Stability, Competitiveness, and Employment Pact in October 1993, minimum wages were increased according to estimated inflation and the average increase in labor productivity. Moreover, fiscal measures were taken that allowed us to increase disposable income between 7.5 percent and 10.8 percent for workers earning minimum wage.

In addition, subsidies for milk and tortilla consumption were increased. We implemented special programs, such as Labor Solidarity. In 1994, during the drafting of the Pact for Well-Being, Stability, and Growth, we included additional fiscal support for workers earning up to two times the minimum wage. With this fiscal support, along with the normal wage increases, minimum wages recovered what they had lost in the five previous years. [member of the audience shouts: "False!"]

The increase in productivity is one of the primary sources for the generation of greater revenue. We have promoted production and quality programs among 216,000 small and medium-sized businesses with more than 6 million workers. Average productivity in the manufacturing industry increased by approximately 38 percent between 1989 and 1993. So far this year, it has increased even more, which will lead to an increase in production estimates. Rules governing the IMSS and the Social Security and Services Institute for Government Workers [ISSSTE] were reformed to increase minimum pensions, which went from 35 percent of the 1988 minimum wage to 95 percent at the IMSS, and this will be hiked to 100 percent starting in January 1995. Minimum pensions were increased 100 percent at the ISSSTE since 1989. With the creation of the SAR [Retirement Savings System] in 1992, we established a solid groundwork to promote savings in the long run and to improve the economic situation of workers when they retire. Today, nearly 12 million workers are enrolled in the system. Funds in individual banking accounts add up to 24 billion new pesos, which are now under the supervision of the SAR National Commission.

Within the framework of the national consensus-building strategy, businesses and labor unions negotiated the resolution of disputes with responsibility, respect, and freedom. Of all strike calls between 1989 and 1994, [words indistinct] 2.1 percent. Over the past six years, we created 61,117 joint security and health commissions that benefited more than 2 million workers.

Education is a national priority, and it was treated as such. I proposed reforms to Articles 3 and 31 of the Constitution to make school attendance compulsory up to the high school level. We gave explicit support to the national educational system and we eliminated unjustifiable prohibitions. We accomplished all of this while maintaining a free and lay public education system. The educational system was federalized because we were able to place financial resources and coordination efforts under the authority of the states. We promoted a greater interaction among families with school and municipal authorities. As I promised, resources for education grew in real terms every year of this administration. [member of the audience shouts: "False!"] That is why national spending for education with regard to the GDP rose from 3.6 percent in 1988 to 6.1 percent in 1994. [applause]

This is the highest percentage recorded so far this century. [applause] Similar results were obtained in national spending per student for education: 11 percent more in real terms than in 1981, the year when the amount spent for each student was the highest. Under the Solidarity Program, 81,350 classrooms and laboratories were built; we fostered increasingly balanced educational development among regions and social groups; and we worked to enhance scholastic performance in the 14 states that have the highest levels of poverty. In addition, 3.3 million illiterates received instruction, reducing their numbers from 13.7 percent to 9.8 percent.

In the search for high-quality basic education, schools were repaired, the educational system revised, and teacher performances publicly reevaluated. The school year was expanded to 200 effective days of classes, and in September 1994 we presented the final package of free text books. Every year we increased teachers' salaries, and their minimum salary has risen from 1.5 to 3.3 times the general minimum wage. Most teachers earn more than four times the minimum wage, and their real earnings increased 100 percent between 1988 and 1994.

In addition to this, in 1993 the teaching career was created to promote the professional, physical, and social improvement of teachers. To date, nearly 1.5 million teachers, almost two-thirds of the total teacher population, entered the teaching career. To them—to Mexico's male and female teachers—I extend my heartfelt acknowledgement and sincere gratitude. [applause]

My administration fulfilled its pledge to strengthen the development of public universities and technical education institutions. This year, the budget for public education at the higher education level was 53 percent larger in real terms than in the sector's 1988 budget. Technical education services were decentralized, and 114 technical high schools and 16 higher education institutions were created. Technical universities, which are a new alternative, were established, and seven of these are already operating in various states of the republic.

Scientific and technological progress are essential elements for a competitive economy and an educated society. From 1989, the budget assigned to this activity increased yearly until, in 1994, it accumulated a real growth that surpassed 95 percent. Additionally, Conasip [expansion unknown] has supported more than 2,500 scientific research projects, and this year alone approximately 14,000 scholarships were granted, which is eight times the number granted in 1988. The National Researchers System has quadrupled its membership, and, with the incentives established, many Mexican researchers have returned to the country.

With full respect for the arts and artists, we have promoted the preservation of the country's cultural and artistic development. This has been the goal of the National Council and Fund for Culture and Arts [Consejo y Fondo Nacional para la Cultura y las Artes]. The new National System of Art Creators [Sistema Nacional de Creadores de Arte], directed at people who have helped strengthen national culture, is a form of recognition and provides incentive for creative freedom. It provides the conditions for enhanced creativity. To promote reading, the national network of public libraries was almost doubled.

Within a few days we will have new facilities at the National Arts Center—a magnificent architectural structure that will foster new interaction among students of different artistic disciplines, such as music, dance, theater, and the plastic arts. In reaffirmation of our pre-Hispanic roots, we have carried out 14 full-scale archaeological projects. The magnitude of the exploration, research, restoration, maintenance, and creation of museums and services included in the program is unprecedented in our country.

Over the past six years we have achieved the participation of more than 25 million people in sports activities, in national student games, worker sports, and high-performance competitions. The funds allocated to sports by the Federal Government increased 13 times in real terms in 1994 over the amount allocated in 1988.

I pledged at the beginning of my administration to improve the infrastructure and quality of health services, particularly for the most needy and for children. Our population has increased its average lifespan to 68.7 years for men and 74.6 years for women. The overall death rate has dropped from 5.2 in 1988 to 4.7 deaths per 1,000 inhabitants over the past five years.

Most noteworthy is the attention given the mother-infant group, which allowed the infant mortality rate to decrease by more than 30 percent. Coverage of health services increased. The IMSS and ISSSTE in 1994 provided coverage to 45.5 million rightful claimants, 3 million more than in 1988. The Health Secretariat and Solidarity provided treatment in rural areas, low-income urban areas, and in areas inhabited by the most vulnerable social groups, managing to cover 39.5 million inhabitants—11.2 million more than in 1988.

During the past six years, public spending in health and social security increased 81 percent in real terms to 4.1 percent of the GDP—nearly twice the 1988 figure—which led to the building of more than 2,500 new clinics. This works out to one clinic a day within the six-year period and 120 new hospitals, which works out to a new hospital every 18 days. Likewise, more than 27,000 doctors and 34,000 nurses were hired. Quality is reflected in a 33 percent increase in specialty consultations and 54 percent more lab tests. We now have the 21st Century Medical Center, which is recognized as one of the most modern in Latin America and the world, and the 20 November ISSSTE Hospital.

The universal vaccination campaign covered up to 93 percent of all children below the age of five. In turn, Mexico has reached the worldwide immunization goal for the year 2000. As a result, there have been no polio cases for five years and no cases of diphtheria for four. Other illnesses have been reduced to their lowest levels in the country's history. Malaria has been reduced by 95 percent. We have managed to reduce by 67 percent the mortality rate for diarrhea in less than five years from levels recorded in 1988. This has helped control and reduce the cholera problem.

During 1994, the DIF [System for Comprehensive Family Development] efficiently and responsibly attended to a little more than 10 million poor inhabitants, especially minors; adolescents; pregnant women; and helpless elderly, handicapped, and homeless people, which represents a 28 percent increase compared to the number of people to receive care at the beginning of this administration. Special mention goes out to the national volunteers—the women who work to support community efforts and share a social interest in the community. I wish to give my recognition to the leader and all of the women volunteers. [applause]

The 100 Cities Program [Programa Cien Ciudades] has helped to curtail growth in the large metropolitan areas of Mexico City, Guadalajara, Monterrey, and Puebla and bring about orderly growth to mid-sized cities. It also has increased the demands for public real estate and territorial reserves. Updated land registry records helped increase collection 3.5 times from 1992, when the program was instituted, and this has benefited municipal administrations. Investment for urban renewal was promoted in urban centers. Environmental programs helped resolve problems in 16 northern border cities.

In dealing with housing, more than 13 million Mexicans benefited from a program to build 2.7 million houses, which is practically double what was accomplished throughout the previous decade. Without a doubt, the problem has not ended, but we have a better handle on it. In the last three years of my administration, housing investments surpassed 3 percent of the GDP. Beginning in 1993, and as a result of an important reform, the Infonavit [Institute of the National Fund for Workers Housing] paid yields to workers savings accounts that exceeded the rate of inflation, and now workers can freely apply their credit to the houses they choose. During this administration, the Infonavit granted 550,000 loans, compared to 750,000 granted in 16 previous years. In addition, Infonavit delivered more than 880,000 property deeds.

Mexico has managed to define and apply a new environmental policy. Protection of our environment is a condition for development. The care and rational use of our resources is a moral imperative in our relationship with current and future generations. Today, the legal framework has been completed. Institutions have modernized to quickly address environmental issues. We have put into operation preventive and corrective policies, and impact studies have been made of nearly 5,000 investment projects to ensure that business activities and procedures do not pose a threat to the environment. Over the past three years we have made an inventory of 763 high-risk businesses, and these have completed the necessary studies and accident prevention programs.

As far as corrective measures are concerned, the Federal Environment Protection Prosecutor's Office [Procuradaruria Federal de Proteccion al Ambiente], right from its inception in 1992, has paid more than 34,000 inspection visits to industries and protected natural areas to guarantee that the corresponding measures were properly applied. Public and private investment was encouraged in the use of clean technologies, especially in small and medium-sized enterprises. Within just a few years, environmental damage has been reduced through actions in which both the government and society have worked together. There are still things to do, but the steps taken so far have drawn us closer to satisfy the demand for a clean and healthy environment.

Complying with our commitment to clean up our rivers, lakes, and aquifers, 415 waste water treatment plants were constructed. We now have 3.3 times the installed capacity that we had in 1988. Now, 86 percent of the population is provided with potable water, compared to 76 percent in 1988. To better preserve our biodiversity, we decided to increase protected areas, better evaluate our natural resources, and encourage their rational use.

Protected natural reserve areas have more than doubled over the past six years. Today this territory covers 10 million hectares. We have improved our biological diversity through the National Commission for Understanding and Utilizing Biodiversity, which has contributed to the identification of more than 30,000 animal and vegetable species in our territory.

Mexico has reaffirmed its commitment to the conservation of species by supporting the continuation of an international moratorium that prevents the capture of whales and establishes protection for sea turtles. Better knowledge and improved protection of our natural wealth are permitting its rational utilization through various environmentally friendly products.

In the past six years, investments in Mexico City were higher than during the past three decades. The Federal District's public finances were cleaned up and the department's real income grew by 82 percent.

Deeds backed the political will to protect the environment and the people's health. The 18 May Refinery was shut down and better fuel and emission control systems were introduced in industries and vehicles.

Important zones for replenishing aquifers were expropriated in El Ajusco and in the Guadalupe Mountains. An integral strategy for supplying and distributing water and for the rational utilization and reutilization of this valuable liquid was set in motion. Services were increased, and now 98 percent of the population is being served through distribution networks. Only 2 percent of the population that lives at very high altitudes has to be served water from tanker trucks and portable tanks.

To improve water supply, the government built 11 km of a peripheral aqueduct, 122 km of a main network, 52 pumping stations, and 30 storage tanks. We replaced 635,000 toilet systems in public schools, industries, and buildings, and this has helped conserve 120 million liters of water a day.

Sewage system works projects progressed at the fastest rate ever in Mexico City's history. We built 31 km of deep pipes, 20 pumping stations, a main network of 367 km, 63 km of marginal collection sewers, and five control pools. We should also point out the laying of 1,000 meters of pipes in the Grand Channel—work the city had been demanding.

Sewage system capacity was increased by 20 percent, which means that 94 percent of the population already has this service—that is, 2 million more people than in 1988.

One effort of notable importance was the recovery of the lake water region of Xochimilco and Cuautla, which was heading for disaster. The recovered area covers 1,100 hectares. Works projects there included the cleaning of the Nacional and Chalco Channels, which now transport clean processed water.

Because of its architectural worth, Mexico City's historic center is one of the most outstanding in all of the Americas. There are 1,500 colonial buildings and the most important Aztec ceremonial centers. Public and private funds of 1.5 billion new pesos were invested in renovations to preserve this zone.

With the construction of Lines 8 and A, the Metro network was expanded by 38.5 km—that is, 26 percent more than in 1988. These projects led to 11 km of Calzada Zaragoza Avenue being turned into a expressway. This, along with the interchanges at Toluca, Pachuca, Pueblo, and Ajusco, have improved traffic flow.

A new Metro line, Line B, will be opened soon. It will be 21 km long, extend all the way to Acatepec, Mexico State, and will have 21 stops. The main railway has been extended by 85 km. We completed seven railway trunklines that are 31.5 km long, and outskirt services to the east and the north were expanded to cover an additional 35 km to close the B-80 circuit.

We have refurbished the National Auditorium to accommodate 10,000 people. It is now one of the most modern in the country. We also renovated the Chapultepec Zoo and dedicated the Children's Museum, Cuautla Park, cultural houses, plazas, sports centers, and environmental parks.

Regarding education, we built 205 elementary schools and renovated another 1,472 to provide our children with better facilities.

From 1989 to 1993 we built 89,465 houses in the Federal District. By the end of 1994, another 40,000 will be built. We built general hospitals in Milpalt, Milpalta, Cuautla, and Coajimalpa, and nine Federal District medical centers were renovated.

Garbage disposal was significantly improved with the modernization and construction of new processing stations and the closing of open-air dumps. This was enhanced through the building of large green areas with recreational installations.

Mexico City, our great city, is very dynamic. It is watching for the needs of its people, securing more participation, with more gusto, with the greatness it has always demonstrated. [jeering and applause]

Solidarity has responded to the need to overcome poverty. It has established a new relationship between society and government based on community initiatives, on shared responsibilities, on democratic participation, and on an honest use of resources.

Solidarity is the moral product of modernization. Throughout the past six years, federal, state, and individual resources amounting to 52 billion new pesos were used to carry out more than 523,000 Solidarity works projects that countered shortages and problems throughout the country. Every day, new communities joined the program. More than 250,000 committees were formed throughout the country, and more than 288,000 control and monitoring officials were trained.

Solidarity initiated its social welfare services in 1988. Soon, the communities promoted other productive projects to expand income opportunities. They functioned in all of the states and municipalities of the country, especially in Chiapas, Oaxaca, and Guerrero—poor states that have received nearly one-fifth of all federal contributions to Pronasol [National Solidarity Program].

Approximately 14,000 rural towns and 5,230 popular neighborhoods have been provided electrical services, benefiting more than 20 million people. Today, electric power services are being provided to almost 95 percent of the population.

In terms of health issues, through Pronasol we were able to build and renovate nearly 355 hospitals, 4,373 health centers, and 1,241 rural medical units that increased the total number of medical units by 53 percent with respect to 1988. The non-urban surgery program has had an outstanding effect because it has enabled us to provide better medical attention in remote communities. I reiterate that Solidarity was able to ensure the construction of 81,350 classrooms and laboratories which allowed nearly 3.3 million students to overcome the lags prevalent in 1988. In addition, 120,000 public schools were refurbished and improved, and this benefited more than 19 million students throughout the country. In an effort to support youngsters most in need of assistance in continuing their elementary education, Pronasol granted nearly 1.2 million scholarships to children registered with the program, distributed school lunches to approximately 18.2 million, and provided more than 4.4 million with free medical attention.

More than 2.5 million households distributed throughout the country received duly notarized land titles, allowing them to safeguard their birthrights, as well as their peace of mind. The goal accomplished is equivalent to having issued 1,141 land titles on a daily basis to benefit an equal number of households during the past six years. This also represents nine times more than the land titles issued by Corep [Commission for the Regulation of Land Tenure] during its 15 years of operation. An unprecedented effort was carried out to distribute land titles and to ensure the legal ownership of household lands. The housing support and Workers Solidarity Program benefited nearly 4 million lower income Mexicans.

In terms of the Indian groups, we were able to establish a new relationship beginning with the recognition, via the law as well as government decisions, of their social and cultural diversity as a vital component of the nation's unity. [shouts and jeers] Their rights were recognized and protected. By protecting and promoting their right to develop their language, traditions, customs, and forms of social organization, we constitutionally recognized their prerogative to forge their destiny within the plural and generous framework of our great nation. Our penal codes guarantee legal assistance to all Indian groups in their own native tongue. In addition, the law compels authorities to become proficient in the Indian groups' legal observances and practices with the intention of delivering fair sentences.

We were able to overcome paternalistic practices through a commitment to deliver justice, fight against all inequalities, and respect all differences. Within this same framework, we embarked on a new path leading to the development of the Indian groups undermined by traditional disparities and inequalities that are morally unacceptable. The path is a long and undoubtedly difficult one, but we have the foundations to travel along this path in peace and confidence. This new relationship has been translated into facts.

Through strict adherence to the law, and within the framework of Solidarity, we were able to accomplish the release of 3,849 Indians who were under arrest. In addition, 583 agrarian protests were resolved, thereby providing legal guarantees over the ownership of 623,000 hectares distributed throughout five different states. This allowed us to resolve land ownership conflicts that had been ongoing, on average, for more than 34 years. Support was granted to nearly 4,200 Indian organizations that were independently undertaking projects through assistance received from 142 established regional funds. In addition, the projects were complemented by social and infrastructure projects included as part of Pronasol. Investments in Indian regions increased nearly 20 times. This is not enough, but as result of this, we now are able to progress much faster with more participation and by fully respecting those groups involved.

Since 1990, nearly 1 million provisional farmers received unsecured loans. These farmers produce mainly basic staples in 2.9 million hectares in areas considered high risk and under-productive. This assistance was in addition to what they received from Procampo. In addition, through temporary risk capital and flexible credits, Solidarity was able to support productive initiatives by popular groups aimed at increasing and consolidating their land rights. Nearly 20,000 Solidarity firms were created and developed during this period, double the estimated target, thereby promoting 85,000 additional jobs throughout the nation.

In the struggle against poverty, we Mexicans have been able to take a step forward. The mobilization and social energy aroused to struggle against poverty has become a movement of tremendous proportions. Through Solidarity we were able to increase the services infrastructure, employment opportunities, and wages in places where they were most needed. Most of all, we have been able to rebuild the confidence of the participants and provide evidence of the people's resourcefulness. With dignity, responsibility, and determination, we were able to progress in the joint effort to build a more equitable society. During the 420 working visits I made throughout the country, I always encountered the affection, ambition, and generosity of those less privileged. Through Solidarity, they finally discovered the means to continue expressing this nation's greatness. I reiterate, a determination to undertake much needed reforms and a fairer nation have emanated from this program. We are facing a new social and popular movement that originated from participative democracy, liberty, and dignity.

In fact, Solidarity has helped create a new level of justice for Mexico. We started from a new and solid foundation to carry out the greatest of tasks: the eradication of poverty through justice, work, participation, and the commitment of each and every one of us. Solidarity has allowed us to better serve the nation. [applause]

Honorable Congress, nearly six years ago I vowed to fulfill and enforce the Constitution of the republic and the laws therein. I pledged to loyally and patriotically defend the nation's supreme interests, to govern for all Mexicans, and support my promises with deeds. At all times I have worked with total devotion and given the best of myself to this end. [members of the audience shout in the background]

At the beginning of my administration, I proposed to reform the nation in three areas, and I promised that the fulfillment of this reform would qualitatively change society's relationship with the government and also the country's relationship with the world. Those aspects of the great national reform were presented as three agreements—an agreement for growth, an agreement for justice, and an agreement for democracy.

In the first area—the economic realm—we proposed growth with stable prices. We made effective progress, lowering inflation to levels very close to those in the developed world. In these six years, we also achieved positive economic growth, and in five of these years our economic growth exceeded our population growth. Yes, this growth was lower than the goal we set, but it was solid and healthy growth with bright horizons for the coming years.

To be sure, the international environment was not favorable. Negative exchange patterns developed, and the most developed economies performed poorly. From the domestic point of view, the strategy of engendering structural changes in production mechanisms was conducted at a faster pace than initially planned. When the debt problem was resolved and we had prospects for greater financial power, we chose to deal promptly with the challenge that rapid economic globalization imposed on the country. We decided to conduct a more intense restructuring at that time to grow faster in the future. It was a decision with long-term prospects.

Along these same lines we also decided to undertake the negotiation of a free trade treaty with the United States and Canada, but its implementation, which came nearly one year behind schedule, affected our economic performance in 1993.

At the same time, we stepped up state reform and created internal conditions for improved competition. We did this with the conviction that we are capable of adapting to today's world, and with the certainty that bright opportunities would open up in future. If, as a nation, we were in need of efficient ties to the worldwide economy, what better way to achieve this than through effective, reciprocal, and duly scheduled openness with the largest economy on the planet? If the goal was to base productive strength on competition between individuals and adequate government regulations, what better way to achieve this than by privatizing nonstrategic public areas and using those resources to pay the nation's debt, free markets, and provide a new foundation for our framework of regulations?

This was a demanding course of action for national producers, because it forced them and continues to force them to rectify obsolete plans, modernize their operations, increase training, and invest in opportunities for change instead of revisiting tested ground. By reforming itself, the government assumed the responsibility of going along with this restructuring with the certainty—and I repeat this—that by doing so it would establish the foundations for healthier and more lasting growth—a growth consistent with the demands of the growth of our population.

This path was not free of difficulties or tensions, but the results, in the end, have been favorable. The solid foundation established by these reforms provided the nation with a shield with which to face 1994's adversities without major economic problems. It is a firm base for a future of increased opportunity.

The economic aspect of the reform is progressing and achieving consolidation. However, as I have said from the beginning of my administration, the pledge to achieve justice could not wait, nor could we delay the moral and political imperative of responding to social demands. These were the goals of the social aspect of the reform. The agreement for productive wellbeing, which I proposed in December 1988, and the implementation of Pronasol on the first day of my administration, were the embryos of a new system to combat poverty, which found its own means of joining the efforts made by society and the government.

From the beginning, in fact, we began looking for answers not from our offices, but through direct contact with the communities, and we channeled an increasing amount of resources to small projects that provide families with great hope.

The government earmarked unprecedented portions of its real expenditures to meet social issues. In this respect, we can mention the new health infrastructure, as well as the growing medical attention provided to infants during the past years. We can also point to the education reforms giving opportunities to our children. In addidtion, we can address the agrarian reforms, the direct support to peasants and farmers, as well as the entitlement guarantees we were able to bring about. Today, we have more social expenditures, more welfare infrastructures, and more achievements by the National Solidarity Program to concretely support the commitments we undertook six years ago as part of the country's social reforms. In a country such as ours, where heart-rendering injustices have accumulated for centuries, the economic and social reforms carried out were able to stop the decline of wages, improve the social environment, and basic services to millions of Mexicans. The evidence is available and at the disposition of this honorable congress. Throughout the years, the political reform trends stipulated in the agreement for democratic progress allowed us to move forward in reaching a consensus to reform our electoral system. It also allowed us to encourage respect for the individual's rights and more participation by the social groups in major government decisions. All of the aforementioned set the foundations for a new wide-ranging political relationship between the state and society based on freedom, tolerance, and democracy.

Between 1989 and 1994, the electoral system changed substantially in adopting decisive steps stemming not only from the government's attitude, but also by reason of the permanent dialogue with the political forces. We underwent a debate similar to that undertaken by more advanced democracies on issues such as resources for the political parties and candidates' access to the media. Exclusion is not the main feature of Mexican democracy; it consolidates and progresses amid an irreversible process of growing public freedom, especially freedom of expression. In expanding the framework determining political activism, as well as establishing objective instruments and impartial guidelines, an excuse for tension is eliminated, and the country's effective plurality can find creative channels. Democracy has progressed. Society encouraged it, and the government has paved the country's way toward democracy. We reformed the economy. We reformed attention to social demands. We were able to reform democratic institutions. All of this was done in freedom, and thus, we were able to strenghten Mexico's internal development, as well as the country's international presence.

How were we able to undertake these reforms? Why was it possible to apparently complete some sooner than others? The three political reform trends are part of the same general process of modernization, but occurring at different times and under different circumstances. They were all nurtured by all that was forged by those who preceded us. I reiterate that the country does not begin or end with one administration. We are all well aware that economic changes take some time to mature. We did not postpone reforms because to do it would have meant greater social cost than the transformation itself. Economic changes provided the country with strength and stability. These changes were the government's priority objective, because economic strength is always a critical prerequisite for social progress and political harmony, even more so in light of our demography, that is, the fact that 10 million more Mexicans were born during the past six years. It would irresponsible not to keep their future in mind, or to presume that they can wait forever. In consolidating economic changes, we are setting the foundations that will allow us to provide opportunities to those most in need, in addition it will allow us to provide concrete satisfactions to democratic expectations. I reiterate, democracy does not simply flourish. Social benefits tend to evaporate when financial chaos, the deficit, and inflation are exacerbated, since that type of inbalance always undermines those less priviliged. The reforms' social action met some urgent needs and provided new opportunites to those who have less. It began at the same time as the economic reform and developed side by side with the debt renegotiation and accelerated faster than any government effort. In 1994, social issues absorbed more than half of the entire budget and became ingrained in the minds of hundreds of thousands of Mexicans organized throughout the country in search of progress and a better nation for their children. There is a social reform on the way, which has qualitatively altered the state's budgetary priorities and provided the communities with a better present as well as the hope for a future with dignity.

The political transformation guaranteed an orderly change, preserved the country's basic unity, and prevented disturbances. For the government to unilaterally undertake democratic reform would have sidelined the political forces and distanced the electorate. To apply the reform in a harsh or thoughtless manner in a country with Mexico's history and traditions would have prompted opposition. Experience has shown that abrupt political changes promoted by authorities without the consensus of the parties and without social support not only lead to the breakup of the old, but they also fail to consolidate the new.

Therefore, the political changes of these past years did not result from individual initiatives or from fuzzy ideas about the progress of democracy. Their timing and breadth were defined by the agreements the leading political forces were able to reach from 1989 onward.

One of my first actions in the government was to meet with various political parties to begin to build the consensus that would stabilize the reform, thereby allowing it to generate the support required by all lasting political changes. [shouts heard in the background] At all times it was necessary to conduct politics, a lot of politics, to build a consensus—politics intended as wise and decisive actions to change the world.

That is why, more than debating whether the political aspect of the reform followed other aspects, what matters is that it was done on time and at a crucial moment for its expression. The 21 August elections consummated the progress made during these years and established a path toward improved democracy. [applause]

The changes mentioned were explicitly proposed at the beginning of this administration. They are now a reference point against which the administration's contribution to the country will be measured. The three aspects of the reform—economic, social, and political—have accelerated the country's modernization; they have given the nation strength and a sense of direction. Because of the reform, Mexico is now able to undertake new challenges, establish new priorities, and adopt new approaches. The Mexican people know where we have fallen short, where remedies are required, and where we must progress more rapidly. To them I am indebted; in them I placed all of my confidence; and from them, the Mexican people, I expect a verdict. [applause]

Mexicans, the reforms I promoted were carried out within the framework of the law to strengthen the country's institutional existence. The de jure state demands the prevalence of the law, and wherever the reality of a situation establishes the need for new procedures, the law must be reformed through channels established by the law itself. This is the way it has to be done.

We reformed the Constitution to broaden our freedoms, to strengthen our economy, and to promote our political and human rights. Nevertheless, daily protection of the law pertaining to the security of people and their property, which was keenly demanded in 1988 and once again reasserted in 1994, remains on the nation's agenda.

Dialogue and negotiations or, in other words, politics, were the means of achieving change: dialogue to reduce inflation through successive pacts with labor, peasant and business organizations; dialogue to join global exchange in commerce and investment, especially to negotiate NAFTA through broad consultation and free debate; dialogue to modernize our political system, to offer the countryside new opportunities for capitalization, freedom and hope; dialogue to provide new forms of educational support for the upbringing of our children and grandchildren; and dialogue to uproot our worst calamity, which is extreme poverty. We have progressed along all of these paths because we have been able to agree with one another. On all of these points, we have followed a democratic and participatory path. We changed by talking and negotiating through political means, and we did this together.

In addition to our commitment to the law, institutions, and dialogue for change, there are other great lessons to be learned from 1994—basic laws governing the country's life, which we should appreciate and welcome because they will guarantee a better future for the nation.

Over the past few months there has been a notable emergence of civic pride among the people who have shown renewed vitality and strength in the face of adversity. Despite adverse comments and rumors, and despite the anticipated disqualification of their votes, the Mexican people have displayed bravery, composure, emotional steadiness, and confidence in their institutions.

The presidential election of August 1994 was not an isolated event but, rather, a lengthy, intense, and passionate process. Coming together in this election were negotiations among parties, the candidates' campaigns, the logistical preparations, free public debates, the commitment of hundreds of thousands of citizens who served at the polling stations, and the presence of tens of thousands of voluntary observers, even in the remotest corners of the country, and sometimes they were there in spite of personal risk. However, their crowning glory was the extraordinary turnout of voters. Regardless of how they voted, millions decided to vote, turning an individual act into an overwhelming collective referendum on the country's democratic and institutional future.

This was an exemplary show of civility, a clear decision to turn politics not into a private realm of politicians, but into a public affair, an affair of the people, a matter of general interest to the republic.

The 21 August elections proved there is cohesion between the Constitution and how the people feel. The nation is sovereign and the nation is our overseer. The August elections also demonstrated that the country is far from having one single opinion. There are differences of opinion. Plurality is already a norm in our public life. We have demonstrated that civic virtues are based not on social and cultural uniformity or on all-out political homogeneousness. The country demonstrated it has the ability to discuss fundamental public issues, to resolve differences in freedom, to tolerate political diversity and other people's opinion.

This is what civility means in a democratic country. Political tolerance and mutual respect in plurality are the best expression of a modern political community. [applause]

As representatives of the governament, our acknowledgment of civic participation led us to open new democratic areas in response to the January conflict and to create conditions more favorable for citizen participation in the August elecions and in its organization.

The presence of 78 percent of the voters at the polls made evident Mexico's huge democratic potential. The August elections proved to those who thought that free civic participation in the country would be impossible, because of its long tradition of influence peddling and patronage habits, that there is a profoundly civic Mexico in the rural and populated areas and in neighborhoods throughout the nation. The pessimistic logic that inhibits collective action was defeated. In Mexico, the power of civic virtues has been demonstrated. This power has been made evident by the interest shown on collective causes.

These virtues are vital for the nation's health. Electoral participation has exhibited the country's new social and political wealth. It has demonstrated that moral resources grow when they are used and drop when they are disregarded. It also demonstrated that strengthening democracy does not imply risking governability. Any government reference to a lack of governability is like looking for a pretext to avoid fulfilling one's duties. Any such invoking by civilian society is a pretext for justifying a lack of participation, something that weakens the republic.

The grand civic performance of August also modified the terms of debates on state matters. Society does not want a weaker government, but a functional government, an efficient government, capable of assuming its responsibilties with the people, not without the people or in lieu of the people.

The government functions better when it counts on the people's participation, be it through the political parties or through civilian organizations. The people become citizens through their social and political participation. This is why the citizens' demands are not for the dismissal of the state but for a better-functioning state, not for weakening the government, but for an efficient government capable of making the necessary changes.

Social liberalism has left behind the authoritarian logic that society functions only when it has an all-powerful government and the neoliberal logic that society and the market can resolve social problems without the government.

Social liberalism demands a functioning governament, a government that can efficiently promote collective work. This is why this government acknowledges and encourages civic movements and social groups interested in general politics and good government. Civic participation means networks of expanded institutional networks, of strengthened social solidarity. The construction of Solidaridad in Mexico, which means more liberty, better government, and more justice, needs civic participation, which as the year 1994 has demonstrated, flourishes at the most difficult moment.

We must acknowledge and respect this civic community that already exists in Mexico. It is good for the nation. Today we are enjoying a trust that derives from the strength of citizen participation with solidarity, discipline, and generosity. With this participation, Mexico has strengthened its democracy as this century comes to an end and a new one is about to begin. This year, only a few actions justifed describing us as the unruly Mexico [el bronco Mexico] becasuse the true awakening of the past few months has been that of a civic and solidarity-packed Mexico that emerged with the organized participation of millions of citizens. [applause]

Fellow countrymen: The moderninzing reforms we have carried out these past six years were guided by our history's best struggles and their purpose was the well-being of our sovereign state. Our task was to promote reforms of the Mexican revolution by transforming the state and strengthening the civilian society and community. We reaffirm our fatherland's sovereignty as being our supreme possession. We are a sovereign nation because of the feeling of belonging that we give our tradition and values and because of our deliberate resolve to be and remain Mexicans.

Mexico's sovereignty was strengthened by the reforms that have allowed us to consolidate economic growth, broaden justice, reaffirm freedoms, and promote a new and vigorous presence of Mexico in the world. The reforms to the Mexican revolution required us to collect, bring up-to-date, and project the best of social liberalism, which is a proposal and not a doctrine.

Otero and Arriaga [father of the 1857 Constitution] proved that an active civilian society strengthens a democratic government; Juarez proved the republican and nationalistic purpose of liberty and sovereignty; and Zapata left a legacy of great social struggles and fundamental values. They inspired the nationalistic and popular modernization of these six years. [jeering]

The modernizing reforms became reforms of the state, which meant a qualitative change in the relationship between society and government. It had enormous political consequences; it led to new rules and showed its benefits in economic, social, and political changes. These are reforms designed by the government, but implemented by and together with civilian society. There were high costs proportional to the depth of these reforms. I dedicated my energy and passion to this broad process of change. But it was the civic Mexico, with its political decision to participate with its exemplary behavior in the 21 August elections, that showed the full potential of the modernizing reforms.

Reforms allow us a new economic outlook, without the burdern of debt, inflation, or deficit; a new horizon of social equality, without increasing differences and a new political institutionalization—plural, civic, and democractic. [jeering] The reforms have also opened for us a new place in the world, where Mexico's voice is heard and its presence is respected.

This was not a reform to get immediate results for the next elections but one geared to obtaining lasting results for the next generation. We knew the changes would bring risks because we would be touching interests of many decades and strong reactions were sure to arise. However, Mexico would not have reached the economic and political viability it has today if we had not changed.

The internal challenges confronted during these six years resulted from the wearing out of a system that had worked well for a long century. The challenges we have to meet, however, are no longer limited to our country's borders, and many things that applied to Mexicans in the past now have a global character. Faced with the prevailing changes in the world, the State of Mexico—this great historic and strategic institution—was summoned to change or face the perils of becoming stagnant and having a permanent crisis. As a leader, I was compelled to open new roads and reassert national confidence in the Republic's potential. My contacts and closeness to the people allowed me to sustain my firm confidence and deep conviction that the Mexican Government and society have the expertise to confront the new perspectives presented at the close of the century.

Just like all Mexicans and as a citizen committed to furthering the nation's future, I have learned that the changes, which the country has to implement to be able to have a purpose and a future, must respond to the live heritage that is ingrained in our way of viewing and confronting the world. Our people's perceptions and sensibilities and their courage without much fanfare, governed all the actions taken during my administration. The reform made during my term as president was based on ideology and conviction. However, at all times and in each decision made, I was totally confident that Mexico has enormous reserves, especially moral ones, to surmount the challenges posed by the world. The waves of those challenges have caused havoc in many countries because they delayed necessary actions, were too hasty, or erroneously chose methods that sacrificed their unity, weakened their governments, and made them lose viability and sovereignty.

The starting point was to frankly and honestly recognize that we had to start a deep, structural, far-reaching change in the government itself to be able to direct and gather the aspirations of the Mexicans. I have promoted the recovery of the country's political balance and its founding principles. I placed all my trust in the country's future potential and in the development, maturity, and patriotism of its social forces, which I have seen build and defend Mexico on a day-to-day basis.

With my conviction and the program to implement broad government reforms, I went to meet the new social and political forces that were already moving in our society's changing events. [shouting] My government's ethical center has been its social policy. Each and every one of the pieces required to carry out the reforms in Mexico, has had the objective of recovering and multiplying the country's social substratum and dignifying the living and working conditions of those who are the source of Mexico's cohesion, identity, and wealth. We decided to go beyond a compensatory action and our actions gave priority to combating poverty, furthering the autonomous organization of society, and increasing democracy in our communities.

I have confidently worked for an active policy that would harmonize the pulse of society, the productive reforms, and our democratic advancement. The modernization reform was initiated and has increased its course in our society. It is sustained today by democratic institutions that are increasingly stronger, the Constitution of the Republic being an exemplary testimonial of this, and our plurality, which is an irreversible sign, that strengthens and glorifies our political life.

I served the country with the conviction that in the nation's diversity and plurality, in the collective and brotherly efforts of our people, in their displays of innovation and their resolve to change in so many areas, there is a superior force of national cohesion and civic belonging.

I always felt the encouragement of our ancestral popular wisdom and the unyielding serenity that gave us all the wisdom and firmness to achieve and deal with losses and affronts that were painful but not enough to bend our will and our commitment to national changes.

To be in the lead was a principle whose only source of untouchable harmony was the profound relationship between the general Constitution of the Republic, the preservation of the country's institutional platform, and the expansion of opportunities for expression, organization, and representation in our civil society. The changes resulted from organizational and uniting principles supported by our laws and institutions.

The rhythm of the changes—I must say it clearly—emerged from the joint determination of the Mexican people, from their generous and wise spirit of negotiation, which has distinguished our society's political as well as cultural and intellectual traditions, which over the past few years have admirably shown our people's vitality and ability to make proposals.

Government and society have grown and encountered difficult tests, many of them painful, even tragic but enough—I reiterate—to stop the course of Mexico's modernization through its new democratic and pluralist trends.

Much has been done and much is left to be done. As the end of the century approaches, our society is more just but it must deal with a huge challenge of justice. Our economy is healthier but it has many new jobs and new satisfactions to give the Mexicans of today and tomorrow. Our freedoms have increased and are irreversible, but they still have some rigidness and inequalities that must be corrected to make this the democratic and modern nation we desire.

Mexico is a great nation that is undergoing changes; it has a broad future and an ancient identity. Not only a language, but a national culture that is summed up in one unique and dear result: the rich diversity of its history. Mexico's pride is based on its past, which is acknowledged by the nations of the world, and it has shown the quality of respect in its dialogue with other cultures.

I pledged my administration and all my resolve to the reformation of our old and young nation, not to deny its history but to enrich it, because like all Mexicans, I have learned from that same history the risks of not changing and the wisdom of changing in time. I take with me, as the most precious of all my rewards, the warm memory of close and direct contact with my fellow Mexicans. Nothing can compare to the closeness of the people. That is why no one can be the same after having ruled a sensitive, unique, and generous nation like ours. Nor can anyone aspire to unanymity because Mexico's wealth is its diversity. Thank you. Thank you very much to the great people of Mexico for allowing me to serve you. Long live Mexico, compatriots! [Cheers, applause]

## Police, PRD Activists Clash in Mexico City

*PA0211145394 Mexico City XEW Television Network in Spanish 0430 GMT 2 Nov 94*

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] While the president was reading his State of the Nation Address, several incidents erupted in Mexico City.

On Tuesday morning, nearly 2,000 PRD [Party of the Democratic Revolution] supporters, according to police estimates, staged a demonstration that began in front the Dolores Civilian Mausoleum. The protesters then marched along several western Mexico City avenues up to Paseo Reforma where 400 more protesters joined them.

The protesters, who were carrying 291 cardboard coffins which, according to their explanation, represented the number of PRD activists killed during the six-year period, clashed with mounted police units that had taken up positions in the center of Calle 5 de Mayo.

The mounted police were forced to fall back along Calle 5 de Mayo until they reached the intersection with Calle Tacuba. At this point, the mounted police decided to charge the protesters who had taken up positions along Calle 5 de Mayo.

Several nearby observers, including photojournalists Juan Ruben Monroy from OVACIONES newspaper and Laura Olivera from EL SOL, were injured when they were attacked by protesters. Both photojournalists sustained injuries when they were struck by stones and bottles hurled by the protesters. The photojournalists received medical attention from paramedics and are not in any danger.

After three hours, the protesters were finally allowed to enter El Zocalo, where they proceeded to write graffiti all over the National Palace's walls and main entrance. Vehicular movement near the area, which is a historical site, was interrupted for more than five hours.

Why did the incident take place? Why were they not allowed to march freely? I have here Communique No. 1437 issued by the Federal District Police Department. This is a very long communique, and, therefore, I will only read those paragraphs related to the demonstration. The communique states the following:

The protest organizers had previously agreed with the Mexico City authorities that they would only enter El Zocalo once the official events scheduled to take place at the National Palace had concluded.

When the march arrived at Alameda Central, several of the leaders encouraged the main contingent to march directly toward El Zocalo, despite the fact that the aforementioned official events had not concluded, which is why access to the area was prevented. [passage omitted]

## Further on Clashes

*PA0211152894 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 2 Nov 94*

[From the "Early Morning" newscast]

[FBIS Translated Excerpt] The untamed Mexico [el bronco Mexico] of a few, which President Carlos Salinas referred to in his final State of the Nation Address, has reared its head once again. While the PRD legislative wing questioned the address at the Legislative Palace, a downtown PRD demonstration was halted by the Mounted Police Corps. The timing of the incident coincided with verbal clashes in the Chamber of Deputies.

[Begin Chamber of Deputies President Humberto Roque recording, in progress] ...and Article 8 of the internal regulations of the National Congress clearly state that interruptions by legislators are not allowed. No one should obey the law more than those entrusted with the delicate responsibility of drafting these laws, as mandated by the people. [end recording]

Meanwhile, there was physical violence in the street. At 1530, after some violent disturbances, a path was opened to Plaza de la Constitucion. Police and demonstrators clashed with heavy clubs, pipes, sticks, stones, bottles, and anything that could be used as a weapon. According to Rene Bejarano, president of the PRD in the Federal District, the demonstrators did not cast the first stone.

[Begin Bejarano recording] We are not violent. We are going to insist that the full weight of the law be brought down on the police authorities, whom we blame for these violent incidents. [end recording]

Marches that left from the National Auditorium and Constituyentes joined up at midday in Paseo Reforma. There, they met the first mounted police officers. There was violence on both sides. As an allegory to commemorate the dead, a man wearing a skeleton costume marched in front of the uniformed men. In the downtown alameda, cardboard coffins in honor of the dead PRD were gathered to be later taken to the plaza. Instead, they became silent witnesses to the direct clash between police and PRD followers. [passage omitted]

The Federal District Police Department directly blamed the PRD for the violent incidents outside the National Palace, which left three citizens and 19 policemen injured following President Salinas' sixth State of the Nation Address. In a communique, the Police Department points out that following a summons by the PRD, several groups from Mexico and Michoacan States, as well as from the CEU [Univeristy Student Confederation], the neighborhood assembly, the Nueva Tenochitlan popular union, and the Emiliano Zapata Popular Revolutionary Union, held a scheduled march that was to leave from the Dolores Mausoleum and the National Auditorium and head to the Juarez Monument. The march was to end in El Zocalo after official events concluded; however, with the blessing of its leaders, the march forced its way downtown with the consequences you have already seen.

## Transitional Chiapas Government Proposed

*PA0211180194 Mexico City EL FINANCIERO in Spanish 31 Oct 94 p 19*

[Report by Lourdes Edith Rudino]

[FBIS Translated Text] Representatives of 84 regional and national Indian and peasants organization agreed to support Amado Avendano as transitional Chiapas governor. In addition, they all signed a letter addressed to the Zapatist Army of National Liberation (EZLN) in which they propose "working together... to later recommend a genuine plan of action... that encompasses demands by the Indian and peasant groups in particular, as well as the Mexican people in general."

They contend that the plan of action should be the basis for the establishment of a transitional government that will overturn some of Salinas' policies, such as the paragraph on agriculture included in NAFTA, or perhaps the entire agreement itself, as well as reform Article 27 of the Constitution related to land ownership and other natural resources.

As part of the activities that took place in El Ocotal on the second and last days of the Indian and Peasant Convention (CNIC), which is part of the CND [National Democratic Convention], the more than 300 participants ratified proposals to convene a new constitutent congress. They also reiterated their proposal for a new Constitution that would provide genuine guarantees for Indian and municipal autonomy, in addition to objective, unregulated, and inalienable rights for all ejido lands and resources.

During the meeting, which was plagued by reports of persecution and human rights abuses of Indian groups in Oaxaca, Guanajuato, and Michoacan, there were discussions related to reforming current agrarian legislation to establish fair land distribution, as well as to reduce the size of small properties. Two proposals arose: one related to reducing land divisions to 20 hectares, and another related to establishing regional guidelines based on the average amount of ejido land in each territory. It was decided that a final position on the issue would be decided during the next CNIC meeting. Still pending is a pronouncement related to the state's jurisdiction over rights to mineral resources within the ejidos.

It was pointed out that peasants are owners not only of the land but also of all underground minerals, including petroleum, uranium, gold, and so on. Therefore, their rights run contrary to the rights of industry, whose pollution endangers the productive potential of the agricultural sector.

They also proclaimed the need to draft innovative local legislation (currently dealt with by Article 4 the Constitution) that will effectively respect all forms of Indian organization, justice, and culture.

### Greater CND Representation

In the letter they will send to the EZLN, they will underscore the need to strengthen the CND through greater local, sectorial, and regional representation to increase the plurality that gave life to the CND.

The delegates agreed to promote a rotating and collective CND presidency that includes the representation of state convention presidents.

The CNIC will attempt to strengthen civilian organizations and eliminate organized influence peddling as necessary conditions in the struggle for democracy. It also advocates the use of plebiscites as the primary decisionmaking mechanism in the nation.

### New Zapatist Militia of Sierra Gorda Issues Communique

*PA0311133894 Mexico City LA JORNADA in Spanish 1 Nov 94 p 20*

[Report by Alberto Espinosa]

[FBIS Translated Text] Queretaro, Queretaro State, 31 Oct—After introducing itself "with all respect" as part of the Indian and Peasant Communications Network of Sierra Gorda in Queretaro and Guanajuato, the self-proclaimed Zapatist Militia of the Sierra Gorda [Milicia Zapatista de la Sierra Gorda—MZSG] warned that in light of the current conditions of poverty and aggression, its members are prepared for war.

In a communique addressed to the editors of LA JORNADA and other newspapers and signed by Xochitl Judith and Santiago Nado, the MZSG said it does not want war, but added that it will not permit attacks against Indians. In addition, it demanded the departure of the Mexican Army and police from Sierra Gorda, and it expressed its denunciation of the municipal presidents of the region, all of whom come from the ranks of the PRI [Institutional Revolutionary Party] in Queretaro.

"We want clergymen who are more Christian than Catholic in the Sierra Gorda. Our membership and other people from the sierras of this area of Mexico are going to build another nation of peace. Do not oppress us anymore, because we are committed to defend this commitment. We will view those who oppress us as being desirous of war. They had their chance to build a humane nation, but they did not, and now it is our turn. We are in the right."

The communique denounced the appointment of Adolfo Ortega Zarazua, president of the State Human Rights Commission (CEDH), as a member of the Federal Official Commission for Peace in Chiapas because he defended the oppressors of Indians in Queretaro, doing so under direct orders from former Governor Antonio Calzada Urquiza. He massacred and deprived Indians and peasants of their lands in Guanajuato and Queretaro, specifically in San Jose El Alto in 1936.

In addition to affirming that its demands are in line with the Lacandona Jungle declarations, the leadership of the MZSG said the residents of Sierra Gorda have grown weary of the difficulties they face: "We are tired. We find ourselves humiliated, but today our consciences are making their voices heard."

Meanwhile, Pablo Gonzalez Loyola, president of the "Epigmenio Gonzalez" Human Rights Committee of Queretaro and state representative of the National Democratic Convention (CND), reported this weekend that he visited several communities in the sierras, confirming that a great number of slogans are painted on walls outlining the principles of the MZSG. In addition, he said there is concern among residents.

Gonzalez Loyola explained he does not know anything about the mobilization of Army units, weapons, or members of the Zapatist Militia.

In the communique, on behalf of the Indian women of the sierras, Xochitl Judith noted that the people of the region are painfully watching mothers who are unable to feed their children. She added that these children will be the ones who "will open the doors of our nation to liberate us all. Through those doors we will toss out the buzzards who are devouring and feeding on our dead. The doors that will open are in all of the sierras of our nation. We are already opening the door in Sierra Gorda."

In addition, Xochitl asserted that a number of Zapatist children are determined to wage war against those who profane the fatherland, those in government, in the ruling party, in other parties, in the banks, and "those with other bad mothers."

Xochitl warned that just like Zapatist women, those from Sierra Gorda are ready "to die with our children, and if we do so, it will be an honorable death."

The MZSG communique said the liars and charlatans of "social order" have already been singled out, adding that the MZSG has information on others in each and every municipality and in the capital of the Queretaro State who will be singled out.

The communique welcomed the judges and magistrates from across the nation who will meet here beginning on 7 November for their annual congress. They are urged to open their hearts with love to all of those who thirst for justice.

"Break away from the federal and state governments. Become dignified men to honor justice. We greet you with resolve from a corner of the Sierra Gorda of Queretaro and Guanajuato. All Soul's Day, November 1994—Santiago Nado and Xochitl Judith."

### Home of Accused in Ruiz Massieu's Murder Searched

*PA0311035194 Mexico City XEW Television Network in Spanish 0430 GMT 1 Nov 94*

[From the "24 Hours" newscast]

[FBIS Translated Text] The Deputy Attorney General's Office has reported that the Federal Attorney General's Office searched in Victoria city, Tamaulipas, the home of Manuel Munoz Rocha, alleged mastermind of Jose Francisco Ruiz Massieu's murder. At the home, 200 grams of cocaine and 242 cartridges reserved for Army use were found. The search was carried out in the presence of Manuel Munoz Cano, son of Munoz Rocha. As a result of the search, the Attorney General's Office will file criminal charges against Munoz Rocha for crimes against the public health for cocaine possession and for stocking cartridges. The Special Deputy Attorney General's Office said it will continue its investigations into the Ruiz Massieu murder in strict compliance with the law and within the legal framework that rules Mexicans.

## El Salvador

### FMLN Demonstrators Break Into Supreme Court

*PA0311044494 San Salvador Radio Cadena YSU in Spanish 1929 GMT 1 Nov 94*

[From the "YSU Radio News" newscast]

[FBIS Translated Text] An official source has confirmed that approximately 40 members of the Peoples Revitalizing Expression [ERP] and the Armed Forces of National Resistance [FARN] violently broke into the Supreme Court of Justice this afternoon. The two organizations, which are also part of the Farabundo Marti National Liberation Front [FMLN], are demanding the Supreme Court expedite its ruling in the habeas corpus recourse filed by the defense lawyers for ERP leader Joaquin Villalobos. Villalobos was accused and jailed on libel charges. Edgardo Moreno, the private secretary of the Supreme Court chief justice, confirmed that the situation at this time, 1330 hours, is under control.

[Begin recording] [Moreno] These people asked to see one of the justices, who have a very tight agenda today with court proceedings and hearings. Hearings are scheduled depending on the expected duration and the justices timetables and may be set within a week or three of four days, if they are short. At the entrance next to the legislative section we were explaining that they need to send us the name and telephone number of someone we can call this afternoon to notify them about the time and the name of the justice of the Constitutionality Court who will receive them. At that time, a group decided to force its way into the Supreme Court hurting one of our security guards.

After this, they were asked to remain calm. They stayed on the ground floor and demanded to see the justices. Acting Chief Justice Rene Hernandez Valiente was not in the building as he was on his way to attend his mother-in-law's funeral. Justice Solano and another two justices decided to see them. They set aside a time during their lunch break and are, at this very moment, talking with the three members of the ERP/FARN. We expect this meeting will conclude soon. Before going in, they told us that this meeting was to advise that the ERP/RN rank and file is becoming restless and the organizations can no longer be held responsible for the violent or nonviolent action they may take. We hope that when the delegation emerges they are willing to leave the building.

[Unidentified reporter] How many people are there here?

[Moreno] The total could be about 40 people; between 40 and 50.

[Reporter] Is the situation being controlled by the National Civilian Police at this time?

[Moreno] The National Civilian Police did not take part. It is just now arriving to assist in getting the people out after the meeting. Up to now, then, the situation has been handled by Supreme Court personnel.

[Reporter] What are they demanding?

[Moreno] They are demanding the court expedite its ruling and that said court ruling be in favor of Mr. Joaquin Villalobos. The magistrates have the rest of this week to work, so we could have a ruling in the coming hours, or days, when the Constitutionality Court reaches its decision. [end recording]

The three members of the ERP/FARN delegation are, at this time 1332 hours, meeting with several supreme court justices and we may have a report on the meeting's outcome within the coming hours.

## Guatemala

### Secretary Arrested for Releasing Trafficker

*95WD0035A Guatemala City PRENSA LIBRE in Spanish 1 Oct 94 p 3*

[FBIS Translated Text] The National Police have arrested Erwin Rolando Barrios Cifuentes and police officer Osberto Camposeco, who are accused of being responsible for the flight of Pedro Leon Lopez, a Mexican citizen who was arrested in Huehuetenango on charges of trafficking in drugs.

The police said the order was issued by the Second Court of the First Instance in that department after it was learned that Barrios Cifuentes, the secretary in the Office of the Second Justice of the Peace, had ordered the Mexican Leon Lopez released.

Rodolfo Gonzalez Roche, the presiding judge of the court, verified that the order was improper, which is why he issued a warrant for the arrest of Barrios, the secretary, as well as Camposeco, the police officer.

The police revealed that Leon Lopez was arrested last 9 September on the highway between Huehuetenango and La Mesilla as he was transporting several kilograms of cocaine in an automobile with foreign license plates.

The Prosecutor's Office initiated an investigation into the case, in the belief that Barrios acted on the basis of a financial arrangement with the Mexican.

## Nicaragua

### Sandinist Army: Weapons Sale to U.S., Canada Legal

*PA0311043994 Managua Radio Nicaragua Network in Spanish 1200 GMT 2 Nov 94*

[From the "News 2000" newscast]

[FBIS Translated Text] The EPS [Sandinists People's Army] assures that the sale of weapons is legal. The revenues obtained by the EPS from the sale of eight trailers filled with weapons to private companies in the United States and Canada, will be deposited in the Military Social Provision Fund, said Captain Milton Sandoval who is from the EPS public relations department.

Sandoval said this was a totally legal transaction, initially approved by the government and subsequently arranged by the Foreign Ministry. According to the military spokesman, the cargo that departed from the Guasale border post consisted of weapons for collectors and munitions that are no longer used, to be recycled by Century Arms International Rangers from Canada, which purchased them.

Meanwhile, a Nicaraguan Foreign Ministry source assured that the only arrangement made through that ministry was the authentication of the commercial invoice, as is done in any transaction.

### Borge Takes Over as BARRICADA Board Chairman

*PA0211185594 Managua BARRICADA in Spanish 1 Nov 94 pp 1, 18*

[Report by Arquimedes Gonzalez]

[FBIS Translated Text] Commander Tomas Borge Martinez has been confirmed as the new chairman of BARRICADA's Board of Directors and Editorial Council. The confirmation came during a meeting of the newspaper's journalists and employees in which Bayardo Arce Castano announced his resignation.

Speaking to more than 100 employees, Borge described Arce's decision as "very positive," and he predicted that "no journalist or employee will be dismissed," even though acting Editor Lumberto Campbell decided to remove Sofia Montenegro as head of the GENTE supplement. Montenegro described the measure as an *indirect dismissal.*

Arce Castano wrote in an article published in this same issue that in view of the decision "by the new representatives of the BARRICADA owners, a group to which I once belonged, to give a new slant to its news and editorial policy," and because "I have not been involved in doing such work at any other newspaper, I do not feel qualified to continue at the helm of the Board of Directors at 'El Amanecer' Publishing House."

He added that the proposal for a new editorial policy, which was discussed with journalists and which he submitted to the National Directorate last week, "did not meet with its approval."

In light of these remarks, Borge said the National Directorate will propose an editorial policy "that will be amply discussed with journalists, workers, and others."

Arce Castano said he proposed Borge as the new editor, because "under the new conditions, the chairmanship must be in the hands of the National Directorate."

He added that he will soon give the appropriate severance pay to Carlos Fernando Chamorro, the newspaper's founder and editor, and to Deputy Editors Roberto Fonseca Lopez and Sergio De Castro, who resigned. He also will hand over the company's auditing division and said, "BARRICADA is not broke." Borge acknowledged "we lack information to talk about the company's financial situation."

Borge apologized to the journalists, saying his arrival at the newspaper on instructions from the Sandinist Assembly on 25 October, the day Carlos Fernando Chamorro was dismissed, "was not an act of bad faith. It was a mandate from the Sandinist Assembly."

Arce also felt "I did not agree and do not agree with Carlos Fernando Chamorro's dismissal as BARRICADA editor, just as I cannot go along with some incidents that preceded and accompanied his departure."

Tomorrow, BARRICADA will publish an interview with Commander Borge in which he will analyze the newspaper's situation.

## Argentina

### Brazilian President-Elect Visits, Meets Menem

*PY0311104094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2014 GMT 2 Nov 94*

[FBIS Translated Text] Buenos Aires, 2 Nov (NA)—On 2 November, President Carlos Menem met with Brazilian President-elect Fernando Henrique Cardoso, with whom he discussed bilateral relations and both nations' prospects within the framework of Mercosur [Common Market of the South].

Official spokesmen termed this first meeting between Menem and Cardoso—the author of the Real Plan that lifted the Brazilian economy out of hyperinflation—as "most amiable and friendly."

Cardoso made no remarks to the press after a working meeting and luncheon with Menem, Foreign Minister Guido Di Tella, and Economy Minister Domingo Cavallo at the Olivos presidential residence.

The Brazilian president-elect had a brief encounter with the press when he arrived at the Buenos Aires Metropolitan Airport in the morning. He told reporters then that the reason for his trip was "his personal interest in furthering relations with Argentina."

"And I am sure we will achieve it," he added.

Di Tella labeled Cardoso's visit as "most significant."

"It is a demonstration of friendship and of his interest in relations between Argentina and Brazil, which we are sure will be further enhanced," said the Argentine foreign minister.

The Brazilian president-elect went directly from the airport to the Olivos presidential residence accompanied by Di Tella, Foreign Ministry Secretary General Andres Cisneros, International Economic Relations Secretary Jorge Campbell, and Brazilian Ambassador to Argentina Marcos Castriota de Azambuja.

Soon afterward, Cardoso and Menem, together with their respective entourages, began a working meeting, which lasted for more than an hour.

Menem then hosted a luncheon in honor of his guest at the presidential residence.

### Menem Meets Ugandan President, Other Leaders

*PY0211171594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1616 GMT 1 Nov 94*

[FBIS Translated Text] Buenos Aires, 1 Nov (NA)—President Carlos Menem today received his Ugandan counterpart, Yoweri Museveni. They reviewed bilateral and trade relations.

During the meeting at the Olivos residence, they were joined by Foreign Minister Paul Ssemogerere, and Ugandan legislator Elly Karuhanga.

Menem met earlier with Carlos Julio Pereyra, a Uruguayan presidential hopeful for the Blanco Party, who was accompanied by Uruguayan Deputy Juan Raul Ferreyra.

The Uruguayan elections are scheduled for 27 November. Blanco Party, Colorado Party, and Broad Front factions will participate.

In remarks to journalists after the meeting, the presidential hopeful for the Blanco Party "Wilson Ferreyra" faction emphasized his friendship with Menem.

Pereyra indicated that his party and Justicialism have "common roots" because they "have always championed federalism."

Deputy Ferreyra later said the Uruguayan people "look forward to a Blanco Party victory and the implementation of government's task."

Menem also received Gustavo Suarez Pertierra, the Spanish education and science minister. They discussed educational issues.

### Menem Rules Out Confrontation Over Falklands

*PY0211174094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1849 GMT 1 Nov 94*

[FBIS Translated Excerpt] Buenos Aires, 1 Nov (NA)—President Carlos Menem today emphasized that "there is no chance of becoming engaged again in some type of military confrontation" with the United Kingdom to regain our sovereignty over the Malvinas Islands.

Ruling out any possibility of war actions like those in 1982 by the military government headed by General Leopoldo Galtieri, the president emphasized: "It would be absurd, very clumsy, very careless, and would again limit our situation."

Menem said the possibility of Argentina paying indemnity to the Kelpers to regain our sovereignty over the Malvinas Islands "is being handled by the British crown." He explained: "It is not possible to talk about figures because we have not got that far." [passage omitted]

### Menem Lauds Military Role in 'Fight Against Subversion'

*PY0311022894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1853 GMT 2 Nov 94*

[FBIS Translated Text] Buenos Aires, 2 Nov (NA)—President Carlos Menem today lauded the Armed Forces for their role "in the fight against subversion, which brought the country to the brink of dissolution."

The president also recognized the difficult situation affecting the military in the area of salaries, but emphasized that the problem "will improve little by little."

Menem made these remarks when inaugurating the Orientation Course for Army Command and Professional Corps' high-ranking officers and unit chiefs held at the Libertador Building's "General San Martin" Hall.

Shortly after the president arrived, and just when the ceremony was about to start, the lights went out, leaving the hall in darkness. The ceremony finally started after a considerable delay.

Army Commander Lieutenant General Martin Balza tried to save the situation by saying that the power failure was caused by television equipment using excessive energy, even though various technicians said they were all working with batteries.

Balza started talking without waiting for the lights to come back on. Power was restored before the end of the ceremony.

Attending the ceremony were, among others, Defense Minister Oscar Camilion; Foreign Minister Guido Di Tella; Lieutenant General Mario Candido Diaz, Armed Forces General Staff chief; and Lieutenant General Balza.

Also present were Division General Raul Gomez Sabaini, Army deputy chief; other high-ranking Army officers; and Jorge Baeza, the Defense Ministry's military affairs secretary.

In his speech Menem stressed that Argentina's Armed Forces were currently working on four premises: "The preservation of the environment, their participation in cases of natural disaster, their integration with other forces, and participation in peace-keeping missions."

The president then stressed that it was necessary to create an Army that was "modern and operatively flexible to be able to carry out peace missions and increase their participation in joint maneuvers with other countries' forces. This will help create a new mentality," the president said.

Menem stressed that beginning in 1989 the country experienced "a series of transformations with the participation of the Armed Forces." Meanwhile, "we completed an old stage and started a new one filled with accomplishments, which were going to make possible a much better Argentina," the president said.

The president also recalled that "on two occasions the Army crossed the fatherland's borders to fulfill honorable missions for our country," and mentioned the historic crossing of the Andean ranges by General Jose de San Martin "to liberate our brotherly neighboring countries" and our participation in UN peace keeping missions.

Menem said that Army peace keeping missions in different parts of the world are fulfilled "with sacrifice and courage," because they are being carried out in conditions that "are very difficult for the troops, considering their economic situation, which we are overcoming little by little."

With respect to the new voluntary military service that replaced the old draft system, Menem said the new system "is the beginning of the professional Armed Forces that the government has been announcing for a long time."

The president also said we want "a flexible Army permanently ready to show its capability in the field of operations, in war and in peace."

### Army Chief Defends Part in Peace Missions

*PY0311023494 Buenos Aires TELAM in Spanish 2003 GMT 2 Nov 94*

[FBIS Translated Text] Buenos Aires, 2 Nov (TELAM)-—Army Chief Lieutenant General Martin Balza today defended the institution's participation in UN peace missions.

Balza said the voluntary military service, which will start operating next March, "marks a turning point in the Army's institutional history."

"A large part of the orientation course has the purpose of guiding the way we fulfill activities linked to this important mission," Balza said at the end of the ceremony to inaugurate the orientation course for unit chiefs.

Balza told Radio Municipal that "we must also continue participating in peace missions; continue the training of our troops; and, with some adjustments, continue the Army education system."

One Defense Ministry source told TELAM that Argentina is participating in peace missions in Cyprus (a part shared with Great Britain), Croatia, Mozambique, and Haiti, among other places.

Balza thanked President Carlos Menem for his words of encouragement to unit commanders and chiefs for activities they must fulfill next year.

"The orientation course has the purpose of letting officers know how the president wants the different 1995 duties interpreted and fulfilled," Balza explained.

The military chief said the military orientation course that was offered to future unit chiefs aims at inspiring "flexible and dynamic" operations in all Army barracks under his command.

Balza added that "each one of us must become a locomotive. We have no room for wagons in the Army. There is room for leaders. Leadership must be exercised by men who are followed because they inspire their troops with their personal example."

## Bolivia

### Cali Cartel Said To Have List of DEA Agents

*PY0211131394 La Paz Television Nacional Network in Spanish 0100 GMT 2 Nov 94*

[Passages within quotation marks recorded]

[FBIS Translated Text] Members of the Cali Cartel today tried to seize the Chonchocoro prison, but the attempt was thwarted by the special forces that guard this prison.

The Bolivian Air Force [FAB] is currently searching for a 20-seater aircraft that left Cali, Colombia, yesterday and landed in Beni Department today. This aircraft was to have been used by a group of Colombians in the Chonchocoro prison, headed by Cali Cartel member Selimo Andrade, to leave Bolivia.

The plan of the Colombians was thwarted at noon today when members of the Immediate Action Forces and Umopar [Mobil Police Unites for Rural Areas] took control of Chonchocoro prison. All of the prison authorities were arrested, charged with being accomplices of the Colombians.

Interior Minister German Quiroga has asserted that the escape, which was planned more than 40 days ago, was scheduled for today.

[Quiroga] "It is estimated that 10 to 15 Colombians arrived in Bolivia in early October to prepare for the massive escape of those Colombians in the Chonchocoro prison."

The date for the Colombian's breakout was pushed forward to today in view of an imminent tightening of safety measures prior to the arrival of [former de-facto president] Luis Garcia Meza.

[Quiroga] "According to the plan as we understand it, they had everything ready to assault the Chonchocoro prison this morning. They had a fully equipped stronghold in Viacha town and the two sites mentioned by (?Dama) were used to observe Chonchocoro, which is between Viacha and the road to Desaguadero. They had a third control post called Caballo. They also had another observation post were it seems National Police members are involved."

In Viacha the special forces found a complete arsenal.

[Quiroga] "Just to give you an idea of what we have found, there are enough weapons and ammunition to blow up this building. There are four M-16 rifles, two FAL rifles, one AK-47 rifle, and a 12-gauge Mossberg shotgun. We also seized 300 7.62-mm cartridges, 600 9-mm cartridges, 700 5.5-mm cartridges, five rocket launcher projectiles, two large rocket launcher projectiles, 34 various clips, and 34 fragmentation grenades. We also seized a generator, a Yaesu radio, an antenna, and about $22,000."

Seven Colombian and seven Bolivian citizens directly linked to the plan to assault the Chonchocoro prison were arrested.

No clashes have taken place within the prison. It was disclosed that the intervention forces this afternoon checked each wing and cell carefully and have isolated and tightened safety measures around the group headed by Selimo Andrade.

Minister Quiroga said there is still one loose string: They have still not found the aircraft that landed in Beni.

[Quiroga] "We do not know the exact place where it landed. We have a rough idea where it could be in Beni and two [FAB] T-33 aircraft have instructions to prevent it from taking off."

This is the second time the escape of Selimo Andrade has been thwarted. The previous attempt was in Cochabamba. As a result of that thwarted escape, Selimo's brother was arrested and is now also in Chonchocoro. A clash took place later in Santa Cruz between members of the special forces and Selimo's son, who managed to get away.

Minister Quiroga also disclosed that this group of Colombians had planned to distract the police with attacks on Bolivian personalities. Within this context, Quiroga did not dismiss the possibility that the machinegun attack on Santa Cruz journalist Luis Soruco was part of the plan.

[Quiroga] "Probably, I reiterate, probably the attack on Soruco Barba is linked to this plan because the amount of explosives they had reveals they were planning attacks of this nature to distract the police and relax the control in Chonchocoro. Moreover, these people had a list of DEA agents, of six DEA agents and approximately 10 antinarcotics force members, who were probably going to be attacked by them."

Another seven people linked to the aborted attack on Chonchocoro were arrested in Santa Cruz.

## Brazil

### President-Elect Cardoso Discusses Agenda

*PY0211120094 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Oct 94 Section 1 p 5*

[Article by Clovis Rossi in Prague]

[FBIS Translated Text] President-elect Fernando Henrique Cardoso yesterday stated that the "15 individuals who will address" the issues that he has personally described as "Brazil's agenda" will be the most prominent figures of his government.

Speaking to reporters during breakfast at the Savoy Hotel, where he has been staying in Prague, Cardoso said: "Whether they serve as ministers, secretaries, or hold other positions is not significant. The main thing is that they will report directly to the president, who will politically supervise them."

These officials will be responsible for solving "the 10, 12, or 15 key issues that need to be addressed."

Among these issues, he cited the social issue (including, obviously, the program to fight hunger), education, health, ports, and irrigation projects.

Cardoso yesterday ended his private visit to Europe. At 1720 (1420 Brasilia time), he left for Zurich, from where he was to take an evening flight to Sao Paulo.

On 1 November, Cardoso is scheduled to meet with President Itamar Franco to decide whether he should attend the Summit of the Americas, which had been called by U.S. President Bill Clinton for 9-11 December in Miami.

If Cardoso decides to go to Miami, he will also visit Washington where he will hold more substantive talks. Here are the highlights of Cardoso's remarks to reporters in Prague:

### The Structure of the Government

Cardoso is scheduled to meet this weekend in Sao Paulo with Finance Ministry Special Adviser Edmar Bacha and with Eduardo Jorge, one of his closest aides, to receive a report from them on the government's structural issue.

He instructed them to take steps to eliminate the Social Welfare and the Regional Integration Ministries.

Cardoso added that more ministries may be eliminated if he can "persuade political and technical forces" on the need for a new philosophy.

The president-elect noted that the prevailing belief is that "a given area is considered important" only if a ministry has been assigned to it.

Cardoso said, although this belief is illogical, it creates political problems.

Cardoso said: "If there is no Environment Ministry, they will say that I am not concerned about this issue."

He said that it is unnecessary to have ministries to deal with culture, administration, and science and technology.

Cardoso said: "We must either develop a more functional government system, or have one just for ornamental purposes."

To this end, he plans to set up "a system through which the president of the Republic coordinates the decision-making process."

### Social Issues

Cardoso said: "The major (social) problems are of a structural nature, but the people cannot afford to wait for final solutions because they will starve to death in the meantime."

This is why the government plan envisages what has been known as "emergency actions," following the model by the Consea (Food Security Council), which was sponsored by the Workers Party and by sociologist Herbert de Souza, aka Betinho.

This model provides for a partnership among the three levels of government (federal, state, and municipal governments) and the social organizations "with a more active participation by society."

Cardoso said: "The idea is to create a partnership with the NGO's (nongovernmental organizations)." He noted, however, that it is sometimes difficult to establish where the jurisdiction of the state ends and that of the NGO's begins.

As an example of a successful partnership, he cited the anti-drought program launched by Itamar Franco's administration which has succeeded in promoting the people's participation.

Regarding resources, Cardoso said that by eliminating splintered programs it will be possible to allocate 3 billion reals for social programs in the 1995 budget.

Cardoso said: "Instead of fragmented projects proposed by deputies, it is better to have stronger programs that will encourage greater participation by the people."

### Health

Cardoso said: "Health is a troubled area that must be solved once and for all." He believes there are budget problems—although he admits that budget conditions are not ideal—as well as problems concerning policy and management.

Cardoso advocates decentralization, stating: "Health care cannot be provided from Brasilia."

He believes the federal government must promote actions and evaluate results. He does not want a health team that "merely repeats that there is no money."

Cardoso said: "I want a team to see what can be done with the money available, to look for savings mechanisms, and that would not limit itself to administering curative services but also think about preventive medicine."

He questioned the constitutional provision granting everyone the right to health care, because many people who can afford to pay for these services are ultimately exempted from paying for them.

He said: "Those who can afford to pay should not have free care."

Cardoso insisted that the problem stems mainly from inappropriate use of the resources available because, "in the social area Brazil spends as much as developed countries like Spain."

### Education

The same principle of decentralization is also applicable to education. Regarding the federal government, which is primarily responsible for higher education, Cardoso believes mechanisms to evaluate universities are needed.

Cardoso supports "sandwich scholarships," which are already being implemented. These are post-graduate courses that begin in Brazil, continue abroad, and finally conclude in Brazil.

Cardoso views the teachers' salaries as a major problem as far as basic schooling is concerned.

**Social Security**

Cardoso said: "We want to create mechanisms to more adequately finance social security expenses." It is not a question of discontinuing the use of the minimum salary for calculating social security benefits, but rather of seeking formulas to finance social security expenses.

According to official statistics, 14 million people—11 million of them retired—today earn the minimum salary. Thus, an increase in the minimum salary will cause the social security program to collapse.

Cardoso noted that the link between minimum salary and social security benefits is not constitutional because the Constitution bans the use of the minimum salary for indexation purposes. He made it clear, however, that the Constitution prohibits any monthly payment to be lower than the minimum salary. Thus, the monthly check of a retired person cannot be lower than the minimum salary.

**Privatization**

Cardoso said: "Everything should be in place. All it needs is the political decision (to privatize). We will make that decision." He added that privatizing "does not mean the state will walk off the stage." For instance, the state will continue to grant concessions in the area of electric power. He added: "Transmission lines from the power plant to consumers belong to the state."

In the case of Eletrobras [Brazilian Electric Power Company, Inc.], Cardoso backs the idea of dividing it into two: One part would be responsible for generating power and another would handle all other areas. He said the responsibility for generating energy could be completely privatized. Privatizations will be prioritized by starting with uncompleted projects (16 power plants), followed by new projects, and then by "projects that are already in operation."

The case of Telebras [Brazilian Telecommunications, Inc] is different because "there is no clear current worldwide idea of telephone services." Cardoso believes the state monopoly principle is no longer valid because the new cellular telephone systems enable a U.S. citizen to continue to use his phone after stepping on Brazilian soil. In any case, one provision of his government program will stand in the cases of Petrobras [Brazilian Petroleum Corporation] and Telebras; that is, the state monopoly will not be discontinued, but it will be made "more flexible" through concessions to the private sector in certain areas.

The watchword for some state-owned companies is "to privatize as soon as possible those companies that have gone bad." Reason: "Since there is no money for investments, these companies must either be privatized or they will drift downward." Yet, the three major state-owned companies (Petrobras, Telebras, and Eletrobras) are not considered junk companies. Cardoso said: "None of them are falling into pieces."

The president-elect also defends the principle that companies should not be privatized "at random." In other words, anyone making a profit area should be also saddled with areas that are not profitable.

**Exchange**

Cardoso stated that the Central Bank has given every indication that it will maintain the real within a certain fluctuation range, without allowing over-valuations or sharp falls.

Cardoso predicts that limiting the inflow of short-term capital will cause "a slight depreciation" of the real. He doubts, however, if 1 real will equal $1, at least in the short or medium-term.

Cardoso is not concerned about the effects of the current over-valuation of the real on Brazilian exports. He said: "There are no risks in this area." He noted that Brazilian exports continue to grow despite the value of the real being higher. He attributed this to a "major" productivity increase by Brazilian companies. He noted that 4,000 Brazilian companies are rated as ISO-9,000 (a quality standard of the International Standardization Organization, ISO).

Cardoso accepts the obvious, saying "we must not make exports more expensive." He believes exporters should stop worrying too much about the exchange rate and pay more attention to mechanisms for financing exports. He said he has instructed BNDES [National Bank for Economic and Social Development] Chairman Persio Arida, and Paulo Renato de Souza, the coordinator of his government program, to consider the idea of BNDES serving as a Brazilian Eximbank (a bank for financing exports and imports).

**The Real Plan**

On 29 October Cardoso read a status report sent to him from Brasilia by the Finance Ministry and said that there is no cause for major concern.

Cardoso said: "Initial estimates stated that sales would increase by 35 percent compared to last year. Current estimates show the increase is 20 percent." The drop is the result of measures adopted last week by the government to slow consumption which, if left uncontrolled, could have allowed inflation to get out of hand.

The above report rules out the possibility that inflation could get out control. The projected inflation rate for the remainder of the year is now back to a level Cardoso considers normal; around 2 percent per month. Before the anti-consumption plan, the projected inflation rate stood at 3 to 3.5 percent per month.

Cardoso does not believe—although its target is inflation—the anti-consumption package could also affect economic growth and, ultimately, bring about recession. He said: "Indicators show the expansion continues." He added: "The government only sought to prevent uncontrolled expansion."

Cardoso added that these measures seek to prevent consumption from growing faster than our productive capacity, which could lead to a potentially explosive situation of shortages and, consequently, skyrocketing prices.

The report described current price problems, like those affecting black beans and beef, as seasonal. It adds that the arrival of imports has already cut the price of black beans by 33 percent. The beef problem will not be solved until January, when the slaughtering season starts.

Cardoso also voiced satisfaction over the prospect of a budget surplus this year which has been estimated at 3 billion reals.

Cardoso added: "The 1995 budget will balance if privatizations are implemented." He estimated that proceeds from privatizations will be about 4.6 billion reals.

His only concern is about the 1995 harvest, which has been affected by the drought. He said: "It could affect food prices."

Cardoso said we should have "begun importing as soon as we knew the harvest would be smaller." He noted that the real plan has an advantage over the cruzado plan in this respect, saying: "Today, any supermarket on the corner can import and overcome any unexpected adverse situation."

### Runoff Elections

Cardoso confirmed that on 31 October he will lunch with the six PSDB [Brazilian Social Democracy Party] gubernatorial candidates who will participate in runoff elections on 15 November. He said he will lunch at the Ca'd'Oro restaurant in Sao Paulo with Mario Covas (Sao Paulo), Marcello Alencar (Rio de Janeiro), Eduardo Azeredo (Minas Gerais), Albano Franco (Sergipe), Getulio Cruz (Roraima), and Almir Gabbriel (Para). This will not be the only support he will grant them. He added: "I have sent a letter to Antonio Britto (the Brazilian Democratic Movement Party gubernatorial candidate in Rio Grande do Sul) which he may use in his campaign."

On 1 November, Cardoso is scheduled to meet in Brasilia with the leaders of the coalition that backed him in the 3-October elections (PSDB/PFL/PTB) [Brazilian Social Democracy Party/Liberal Front Party/Brazilian Labor Party] to discuss possible ways of supporting candidates in other states. The policy is to always back candidates of the coalition parties. This is why Cardoso decided to endorse Azeredo's candidacy in Minas Gerais even though Helio Costa (Popular Party) also supported him in his presidential candidacy.

Cardoso described as delicate the situation in the Brasilia Federal District, where the PSDB local branch has already endorsed PT [Workers Party] candidate Cristovam Buarque, while PTB President Jose Eduardo de Andrade Vieira is seeking support for PTB candidate Valmir Campello. Cardoso believes, however, that his endorsement will carry only a relative electoral weight. He said: "Voters no longer vote for B just because A supports him."

Regarding the dispute for the government leadership in Congress, Cardoso believes a decision will not be made until January because it is necessary to first hear the new deputies- and senators-elect.

## Cardoso's Government Style, Main Advisers Viewed

*PY0211224494*

[FBIS Editorial Report] Rio de Janeiro JORNAL DO BRASIL in Portuguese carries in its 30 October issue, on page 3, a 750-word report by Dora Kramer outlining the governing methods that President-elect Fernando Henrique Cardoso will adopt during his administration.

The report says that "the Fernando Henrique Cardoso government style will follow the model of the [former President] Ernesto Geisel administration." The report adds that "the project, with the details of the new functioning structure of the Planalto Palace—which will be submitted to the president-elect for consideration this week—is almost totally based on the system adopted by Geisel during his 1974-79 presidential term, which was implemented by then Planning and Coordination Minister Joao Paulo dos Reis Veloso."

Kramer explains that the project "should reinstate the so-called 0900 meetings; systematic meetings with ministers of every sector; the political, social, and economic development councils; and, in particular, the president's absolute control over goverment information, decisions, and action." The journalist adds, however, that "there will be essential differences, which will mark the distance between an authoritarian military regime and a civilian government."

The report goes on to say that "an example" of such differences will be "those who will attend the 0900 meetings. With Geisel, the meetings were attended by the military household chief, the civilian household chief, the chief of the National Intelligence Service [SNI], and Reis Veloso."

The report points out that "even though the list of officials who will attend the 0900 meetings has not yet been established, the truth is that the new government will neither revive the SNI nor return ministerial status to the military household.' Kramer explains that "rather than politically reinforcing the Planalto Palace, the idea is to increase the efficiency of the administrative structure."

The report says that "Paulo Renato de Souza, the author of the plan to be submitted to the president-elect, is considered Veloso's successor with regard to the coordination and planning function."

Commenting on the 0900 meetings during the Geisel administration, Kramer says that "at those meetings, at which Veloso was always the secretary, the ministers rendered accounts to the president—based on documents—and received new orders, always in writing. At the next meeting, the ministers had to report on the fulfillment of the previous orders. This way, the president was always abreast of what was happening in the government, and the ministers acted in conformity with Planalto Palace guidelines. This is exactly what Fernando Henrique Cardoso wants."

Concerning the new government team, Sao Paulo FOLHA DE SAO PAULO in Portuguese on page 13, Section 1, of the 30 October issue carries an 800-word report by Gabriela Wolthers and Vinicius Torres Freire. The report says that "Fernando Henrique Cardoso has given clear signals that economist Paulo Renato de Souza will be a government team member."

The journalists explain that the 49-year-old economist "is today considered Fernando Henrique Cardoso's 'number one.' He and PSDB—Brazilian Social Democracy Party—Secretary General Sergio Motta will surely be members of the new government."

The journalists explain that "since Cardoso entered the race for Planalto Palace, for the presidency, Souza's function was to plan. He was personally invited by Cardoso to design the program of government."

The report goes on to say that "with the help of groups that were created in practically all states, Renato de Souza completed Cardoso's program of government in two and a half months." The report adds that "in the opinion of the president-elect, de Souza proved that he is skillful and that he can coordinate ideas and opinions."

The report says that "Renato de Souza's multiple talents make him a good candidate for several posts within the Cardoso administration," adding that "before being invited to coordinate Cardoso's program of government, Renato de Souza worked as operations manager of the Inter-American Development Bank in Washington."

### Management of Privatization Revenues Analyzed

*PY0311015994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Oct 94 p B6*

[By Carlos Franco and Angela Bittencourt]

[FBIS Translated Text] The economic team is banking on the rescheduling of the Union's public debt over an eight-year period, after which the National Treasury Bonds (NTN) of the P (privatization) series will reach their maturity date. The bonds are corrected by the General Market Price Index (IGPM) plus a 6 percent annual correction. The bonds will be given to state companies in exchange for a set of shares deposited at the National Privatization Fund (FND) [Fundo Nacional de Desestatizacao].

Shares of large open state companies are worth $2.5 billion. This amount, plus the revenues from companies that are in the process of privatization—like Light and Escelsa [Espirito Santo Crentrais Eletricas, Inc.]—will exceed $7 billion, without considering higher-price offers or privatization of other state companies, like Vale do Rio Doce Company.

The first set of minority shares that were in the hands of state companies will be sold between 7 November and 15 December. This operation is expected to yield at least R [real] 400 million. The money will be deposited at the Emergency Social Fund (FSE). Therefore, this year's privatization revenue target of R900 million will be surpassed by more than R200 million. No decision has yet been made on the amount to be deposited in 1995.

This information has been released by Andre Franco Montoro Filho, president of the executive commission of the National Privatization Program. He said there will be no problems in the future if the Union's budget problem is now resolved and if tax revenues are balanced. With this idea in mind, he has advocated privatization, in order to reduce the public debt and redesign the role of the state. Montoro Filho and other government economists believe that the model of the Union creating and investing in enterprises—for production of capital goods and services—is obsolete and should be replaced by another. "They are areas in which the private sector can and must operate more efficiently."

In his opinion, the continuation and acceleration of the privatization program will guarantee that the Real Plan attains its main objective: stabilization of the economy. "Since we expect a stronger fiscal adjustment, selling those shares can be more important than keeping them." In eight years, when the NTN's of the P series start coming due, "the country will be different, it will have full stability, and the state will have liquid assets for investing and for honoring its obligations," Montoro Fihlo said.

Despite the fact that he opposes preferential shares, which in Brazil give no preference to their owners, Montoro Filho admitted that the Union should keep preferential shares of some state companies. This position was tested in the privatization of Cosipa [Sao Paulo Iron and Steel Company], and it yielded good economic results. The Union kept preferential shares and sold common shares. After recuperation of the enterprise, the price of preferential shares increased, and they are now being sold. Sale of the shares that were not sold in privatization auctions have yielded more than R700 million for the FSE.

### Government Information System Termed 'Unreliable'

*PY0211234594 Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Oct 94 p 4*

[By Ricardo Miranda]

[FBIS Translated Excerpt] Brasilia—The administrative reform conducted by former President Fernando Collor de Mello had devastated the government's administrative apparatus and had caused public records to be disposed of like recyclable paper. Today, the government's administrative apparatus has an information system that is both limited and unreliable, which has gradually left President Itamar Franco increasingly isolated in his office. Today, simple information, like the number of public servants and the amount of money on hand in the government's coffers are rendered differently by the various ministries and provoke statistical disputes such as the recent one between SOF (the Budget and Finance Secretariat) and the Finance Ministry.

Because the IPEA (Applied Economic-Social Research Institute) and the Planning Secretariat have been dismantled, the president of the Republic is ultimately making decisions based on clippings [preceding word in English] (summaries of newspaper items). A minister close to the president has said that this is the only way for the president not to be held hostage of what each minister claims.

A small layout in the office of the civilian household chief consisting of 30 employees and a few computers is meant to keep the president informed about the status of various projects. Guido Faria de Carvalho, deputy chief for the presidential office charged with monitoring governmental action, said: "This is the information upon which the president relies." Carvalho's job is to deal with bureaucracy every day, with conflicting figures, and with people who are never in the workplace. Former Mines and Energy Minister Alexis Stepanenko said: "One must look at government figures with a critical eye. They do not match." [passage omitted]

### Officers Seek To Revive Intelligence Service

*PY0211225594 Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Oct 94 p 3*

[By Leandro Fortes]

[FBIS Translated Text] President-elect Fernando Henrique Cardoso is not referring to the work of the SNI [National Intelligence Service]—which had been created on 13 June 1964 and then closed on 15 March 1990—when he complains about the lack of information within the government. Yet, arguing that the above service made some contributions to the government, some military leaders are proposing to the president-elect that the intelligence system be reorganized.

The reorganization of this system would be separate from any other intelligence outfit the president-elect may want to create. The most active members of the Armed Forces intelligence community have reached a consensus on two points about a new national intelligence system. The first point is that the members of the new structure should be appointed by and subordinated directly to the president of the Republic. Furthermore, its command must be coordinated by more than one minister to avoid the formation of a centralized system which, during the time of the SNI, resulted in the creation of a virtual parallel government.

The second point of consensus stems from the first one: The current structure of the Strategic Affairs Secretariat (SAE) must be discontinued. Under this structure, the Intelligence Secretariat is subordinated to the SAE secretary, Admiral Mario Cesar Flores, who has the power to filter the information the president of the Republic should receive and who employs former SNI spies. Another essential point would be the reopening of the National Intelligence School, which used to train future SNI personnel and which was also shut down by former President Fernando Collor.

According to a member of the military intelligence community, the closure of the above school—and of the SNI itself—has resulted in the loss of qualified personnel, who were hired in part by the Armed Forces, by the private sector, and by political parties.

A bill sponsored by Deputy Jose Dirceu (Workers Party-Sao Paulo) proposes the creation of an intelligence service controlled by Congress, even regarding covert operations. The intelligence community considers the bill to be absurd. Military intelligence officers want Congress to limit its supervision to controlling the expenses of the intelligence service, just as the U.S. Congress does regarding the CIA and the FBI.

Even those officers proposing the resurrection of an intelligence service are unwilling to be the head of it. The Armed Forces would be involved in it in light of the fact that military intelligence services have the know-how and instructors capable of reorganizing this type of system in Brazil. The Army has already prepared a proposal to create a military intelligence school, which would be exclusively devoted to training personnel for military purposes. This would be the first step toward separating the Armed Forces from the civilian intelligence system.

Military intelligence services are the country's last professional intelligence organizations. Yet, because they lack a coordinator, they only supply information to the ministers of the Army, the Navy, and the Air Force.

### Text of Government, Rio de Janeiro Anti-Violence Accord

*PY0211170194 Rio de Janeiro O GLOBO in Portuguese 1 Nov 94 p 9*

["Text" of the agreement signed on 31 October by President Itamar Franco and Rio de Janeiro Governor to Counter Violence in Rio de Janeiro State]

[FBIS Translated Text] "The federal government, represented by President Itamar Franco, and the State of Rio de Janeiro, represented by its governor, Nilo Batista:

"Considering it is the duty of the federal government and the states to guarantee the Constitution, the law, and the democratic institutions;

"Considering public security, which is the duty of the government and the right and responsibility of everyone, must be exercised to preserve the integrity of the people and their property;

"Considering the Military Police, the Military Fire Department—auxiliary and reserve Army forces—must openly control civil defense actions;

"Considering the civilian police must implement the orders of the judicial branch and repress penal infractions;

"Considering the Federal Police must investigate penal infractions of inter-state repression, as well as repress illegal drug trafficking and weapon smuggling;

"Considering the illegal trafficking of drugs and smuggling of weapons is nowadays essentially an international matter and its repression is the direct responsibility of the federal government;

"Considering the Armed Forces must guarantee the constitutional powers and also law and order;

"Considering the situation of criminality in Rio de Janeiro State is a consequence of the actions of strongly armed criminal gangs organized around drug trafficking, which creates anxiety and insecurity among the people because it violate the basic citizens' rights and guarantees;

"Clause 1—This agreement seeks to establish, within constitutional terms, cooperation guidelines and mechanisms between the federal government and the State of Rio de Janeiro to preserve the law, public order, and public security, especially in the prevention and repression of weapons smuggling and drug trafficking;

"Clause 2—For the purposes foreseen in this agreement the Rio de Janeiro State government will immediately create a Central Organization to plan, coordinate, and unify the actions of the Justice, Military Police, Civil Police, and Civil Defense Secretariats to combat criminality. This organization will be commanded by the Eastern Military Command which, under the orders of the president of the Republic, will inform the Rio de Janeiro Governor of the appointment of a general commander of operations;

"Clause 3—The federal government will provide the Central Organization referred to in the previous clause, with guidelines and technical, operational, and material assistance;

"Clause 4—The federal government, through its own organizations, will promote and intensify control on access ways into the State of Rio de Janeiro—air, maritime, or land—seeking to prevent weapons smuggling and illegal drug trafficking;

"Clause 5—The federal government, for as long as is necessary, will reinforce the Federal Police and Federal Traffic Police forces in Rio de Janeiro State, seeking to repress international drug trafficking and weapon smuggling by placing them under the command of the extraordinary authorities foreseen in this agreement:

"Clause 6—The current agreement will be valid until 30 December 1994, but may be extended for a term to be agreed upon between the two signing parties.

"In agreement with each and every one of the clauses of this document, this agreement is hereby signed in two identical copies."

## Colombia

### Rebels Ambush Police Trucks, School Bus; 12 Killed

*PA0311032994 Santa Fe de Bogota Inravision Television Canal A in Spanish 1730 GMT 2 Nov 94*

[From "The Midday Newscast"]

[FBIS Translated Text] This morning, at about 0620 [1120 GMT], in an area known as Campamento, in Purace corregimiento, Cauca Department, one and a half hours away from Popayan, guerrillas launched an ambush on three army trucks transporting policemen. The men were on their way to relieve the guards posted at the Purace mining sites. The rebels killed Captain John Augusto Torres, who was commanding a rapid deployment unit, a noncommissioned officer, and nine policemen. After attacking them with rockets, hand grenades, and rifle fire, the rebels moved in to finish off the soldiers. A bus, which was driving along with the convoy carrying 45 students on a school outing from the Don Bosco Technical School in Popayan, was also attacked. More than 15 students were injured and Alex Guzman, who was just 16 years old, died. The wounded were taken to Popayan, where several health centers are working together to face this tragedy, which has stunned the community. Meanwhile, police and army units are carrying out joint operations to locate the rebels.

The presidency has just issued a communique on this guerrilla attack in Cauca. The government strongly rejects the ambush staged by subversive columns of the Army of National Liberation and Revolutionary Armed Forces of Colombia in Purace municipality, Cauca. During the attack, 11 policemen were killed and one teacher was seriously wounded. The president has instructed the defense minister and the commander in chief of the army and chief of police to travel to Cauca immediately and coordinate whatever action the deem necessary to capture those responsible for this reproachable incident. The president has said that this is an act of barbarians, which neither the government nor the people can accept.

## Paraguay

### Chileans Express Interest in ANTELCO

*PY0311104894 Asuncion ABC COLOR in Spanish 1 Nov 94 p 8*

[FBIS Translated Text] Representatives of the Chilean Telephone Company [CTC] today conveyed to Paraguayan President Juan Carlos Wasmosy their interest in the privatization of ANTELCO [National Telecommunications Administration]. Oscar Guillermo Garreton, chairman of the CTC board of directors, explained that they offered to the president their experience, and willingness to take over certain services that ANTELCO is currently exploiting. The visitors said the privatization of telephone services is among the items from which Chile has benefited most.

Garreton reported that they conveyed to the president "the group's confidence in Paraguay's economic projects." He also said that during the meeting at Government House they answered the president's questions about the privatization of CTC. "We told him that the results of the privatization have been excellent." He went on to say that the consumers, the users, have realized that from 1989 through 1994 the number of available lines went up from 650,000 to 1,550,000.

"From the viewpoint of the company workers, employment increased during the same period." Garreton added: "Instead of a reduction of the workforce—which people sometimes think comes along with privatization—the opposite happened. The income of telephone company workers also increased in real terms, in addition to the fact that they can now be CTC stockholders, which is very important."

He explained that the number of workers who hold company stock has increased significantly, and the $2 billion plan to expand the company generated a lot of economic activity in Chile. "This means that there are now 3,300 mostly small companies which supply the CTC or perform contract services for it. Because of this CTC is indirectly responsible for the generation of 16,000 jobs. From the viewpoint of the state, its income has increased not only through the sale of company assets, but also because of increased tax revenues." He added: "Since the country turned its communications sector into one of the driving forces of the economy, the growth of this sector practically doubled."

### Taiwanese Foreign Minister Ends Visit; No Accords Signed

*PY0211221894 Asuncion ULTIMA HORA in Spanish 2 Nov 94 p 26*

[FBIS Translated Text] Chien Fu, foreign minister of the Republic of China [ROC] (Taiwan), and his entourage returned to their country last night, upon concluding their official five-day visit to Paraguay.

During his stay here, the ROC foreign minister met with President Juan Carlos Wasmosy and Foreign Minister Luis Maria Ramirez Boettner, among others.

It is appropriate to note that the governments of Taiwan and Paraguay did not sign any bilateral agreement or contract on the occasion of the ROC foreign minister's visit.

However, they took advantage of the visit to talk about future trade ties between the two countries, seeking to increase their relations in the trade, financial, and technical fields.

Among his latest activities in Ciudad del Este, he visited the Itaipu hydroelectric dam and met with members of the Chinese community from that city, whom he urged to invest capital in our country.

Chien was able to verify Paraguay's tremendous hydroelectric energy resources and wealth, envisaging a future integration in the energy field within Mercosur [Common Market of the South]. This wealth has motivated the Taiwanese interest to make investments.

Moreover, the ROC foreign minister met with Paraguayan Vice President Angel Roberto Seifart, and talked with the main national political leaders.

His tour of Paraguay also served as the scenario and occasion for a working meeting of the 10th biennial conference of heads and representatives of all missions and offices of the Republic of China in Central and South America.

## Peru

### Economy Minister Discards Salary Hike, Tax Cut

*PY0311011894 Lima LA REPUBLICA in Spanish 25 Oct 94 p 5*

[FBIS Translated Text] Economy and Finance Minister Jorge Camet Dickman said yesterday there will be no salary increase for public employees for the remainder of this year because the government will have to make large disbursements to pay the Christmas bonus in December, which is very near.

Camet made this comment to reporters after Prime Minister Efrain Goldenberg Schreiber opened the 15th Meeting of National Customs Directors of Latin America, Spain, and Portugal in the auditoriumn of the National Customs Administration Superintendency (Sunad).

The announcement that there will be no salary increase for public employees, after President Alberto Fujimori said there will be salary increases for primary and secondary school teachers and a special bonus for university professors, was seen as obviously contradictory to the presidential announcement.

A reporter asked: Will there be another programmed salary increase for the state sector this year?

Minister Camet's answer was: "I do not believe the situation of the treasury will allow it. We are practically in November and we have the Christmas bonus for everyone in December."

Camet also discarded any reduction in the General Sales Tax (IGV), which is now 18 percent. Camet explained that from this amount, 16 percent goes to the government and only 2 percent to the municipalities.

Regarding the resources needed to finance the 1995 general elections, Minister Camet said the money needed by the National Election Board for the 9 April 1995 elections as well as for a possible run-off election has been guaranteed. He added: "There is no need to worry."

Both Camet and Prime Minister Goldenberg noted, during their speeches before the customs representatives, that the reforms implemented by the Sunad as a result of its efficient work will allow the government to collect $1.8 billion in taxes alone.

In this regard, the two ministers congratulated Sunad Superindent Carmen Higaona because tax collection increased from 16 percent to 33 percent, and is expected to reach 35 percent.

Camet also referred to the privatization of Petroperu [State Petroleum Agency], which will definitely be carried out in stages to prevent the state monopoly from becoming a private monopoly.

Regarding the legislation for buying shares in the privatization process, Minister Camet said this will soon be approved to allow more Peruvians to participate in it.

Camet pointed out that there will be no limitations to investments because the most important thing is to know that Peru has recovered its credibility, which is proven by the fact that anywhere from $100 to $150 million enters Peru every month as foreign investment or as repatriated Peruvian capital.

Regarding the recovery of the Peruvian image as a result of the economic reforms implemented by the government, Minister Camet announced that the Inter-American Development Bank (IDB) will grant Peru a loan of $3 billion from 1995 to 1998.

Camet said the fact that the IDB, in its entire history, has granted $2.5 billion thus far should be taken into account. He added: "This is the result of the reforms and the stabilization process."

Camet also announced that the IDB, in its executive board meeting in December, will approve four loans worth $700 million for Peru, which will be used for education, sanitation, transportation, and agriculture.

Regarding the negotiations with the creditor banks in relation to the law that acknowleges the debt with the Chemical Bank and the American Swit [as published], Camet said the negotiations will be resumed under better conditions for Peru.

Camet was asked if the banks' proposal seeking $72 million will be accepted. Camet replied that in negotiations this figure is the extreme limit, but it will never be the one finally recognized, because the figure could decrease according to the discounts obtained.

## Presidential Candidate Proposes Military Budget Cut

*PY0311015194 Lima LA REPUBLICA in Spanish 24 Oct 94 p 6*

[FBIS Translated Text] Presidential candidate Alejandro Toledo [Democratic Coordinating Group-Peru Possible Nation, Code Peru] yesterday said that if he attains the presidency, he will propose an agreement with neighboring countries to reduce military expenditures by 25 or 30 percent.

He said the agreement will allow the formation of a "small foreign currency cushion" to more successfully fight terrorism, drug trafficking, and, in particular, extreme poverty.

He added that he would first listen to the points of view of the Peruvian military institutions, explaining that the reduction of the budget by no means will imply disregarding the country's internal security.

Toledo said the agreement would be in effect for some 20 years, but that it must be done jointly, that is, a unilateral action would not succeed.

He said that the strong countries of the Americas (the United States, Brazil, Argentina, et cetera) will act as guarantors of the agreement, in order to safeguard its strict fulfillment.

The Code-Peru Possible Nation candidate stressed the role of the military institutions in Peru's development.

He said he is opposed to the politicization of the Armed Forces and their active participation in politics, but agreed on the need to promote a greater rapprochement between the military and civilian society.

He added that if he attains office, he will promote "a fruitful meeting among the military and civilian institutions" to help them be united in a campaign against extreme poverty and in favor of education, health, and nutrition for all Peruvians.

Toledo was interviewed during a television program called Contrapunto aired by Channel 2; the subjects of the interview included his electoral programs and his growing preference rating in the polls.

He said he cannot explain clearly the reason for this increased voter preference rating in his favor, but added that there is a "chemical symbiosis" between his image of a peasant and the proposal he has been publicizing.

Concerning his platform, he said it is based on prioritizing the project of better living conditions for Peruvians, as an essential instrument to guarantee the continuation of peace.

He said that with the high poverty levels, there will be no long-lasting peace in Peru.

He said his government would prioritize the fight against drug trafficking, not only because of its negative effects socially, but because it represents an element of economic distortion.

He explained that the $6 million now in the Central Reserve Bank comes mainly from that activity and from speculative capital, and is not the reflection of self-sustaining development.

Therefore, he added, a false image of a country with resources is created, which is counterproductive in terms of an effective progress.

He added that the dollars obtained from drug trafficking also distort the exchange rate, with the consequent negative effects for exports.

Toledo went on to say that his administration would consolidate the positive results of the government economic policy, with corrections concerning interest rates, exchange rates, development of exports, and the generation of productive employment.

He also stressed the dangers of a government continuity, because it could lead to the establishment of an authoritarian and antidemocratic regime.

He explained that stability and continuity are necessary, but only in reference to institutions and not to people.

## Uruguay

### Presidential Candidate Vazquez Views Elections

*PY0311005694 Buenos Aires CLARIN in Spanish 31 Oct 94 p 35*

[Interview with Tabare Vazquez, presidential candidate for the Uruguayan center-left coalition Progressive Encounter, by Araceli Viceconte in Buenos Aires; date not given]

[FBIS Translated Text] Ranking third in the polls on voters' preferences, with six percentage points less than those for the traditional National Party and Colorado Party, Tabare Vazquez, the Uruguayan presidential hopeful for the center-left coalition Progressive Encounter [EP], trusts that he will again cause a surprise in the 27 November general elections, as he did when he was elected Montevideo mayor in 1989. Passing through Buenos Aires, where he hopes to receive votes from the 30,000 or 40,000 Uruguayans who are expected to go to their country for the elections, Vazquez told CLARIN that it is not true that his presence within the coalition of the left had prompted internal bickering. Vazquez proposed a platform involving specific reforms.

Unlike the neoliberal currents now prevailing in our region, Vazquez trusts he will succeed in increasing the efficiency of public servants, without reducing their number or abolishing their nonremovable status, and in controlling the payments of contributions to the retirement system, a current burden of the Uruguayan fiscal accounts.

[Viceconte] Broad Front sectors, like the one headed by Senator Danilo Astori, ignore the EP in their political propaganda. Doesn't this represent an internal inconsistency?

[Vazquez] Unlike other political forces, the Broad Front has but one platform and distinctive candidates. I believe that (Astori's attitude) represents an electoral strategy. There are candidates who bet on receiving increased support from certain segments of the population.

[Viceconte] In a telephone interview for a Buenos Aires radio station program, [Presidential hopeful Julio Maria] Sanguinetti emphasized that Tabare Vazquez represents Marxist sectors and proposes a different political system. Is this true?

[Vazquez] This is a totally biased argument. It demonstrates that he still banks on ghosts and old fears. It demonstrates that he represents an old system, that he is no longer current, and that he represents something ancient. We are within the political system and participating in it.

[Viceconte] If Congress does not approve your bills, will you subject them to plebiscites?

[Vazquez] Of course.

[Vicenconte] Does this not entail challenging representative democracy?

[Vazquez] Quite the contrary. Democracy has two sides. The first one, which is essential and which we champion, involves representative or indirect democracy. But it is also necessary to develop direct democracy, involving people's participation and counsel.

### New Sector Alliance Candidate Interviewed

*PY0211015094 Montevideo EL OBSERVADOR ECONOMICO (Special Supplement) in Spanish 21 Oct 94 pp 2, 3*

[Interview with Rafael Michelini, New Sector Alliance presidential candidate, by reporters Alfonso Lessa, Antonio Ladra, and Sergio Berrutti; place and date not given]

[FBIS Translated Excerpt] [EL OBSERVADOR ECONOMICO] Considering that it is very unlikely you will become president, what is the purpose of your candidacy? Where does it lead? Do you want to become a senator or a deputy? Do you have a long-term project?

[Michelini] Our objective is to be consistent with our principles. In 1989 we launched our political project. Our proposals are different from traditional parties and Broad Front proposals. Today we continue supporting the same proposals. In 1989 we toured the country asking all citizens to vote for us. We told them it was possible to have a moderate leftist option, and we convinced 180,000 voters to trust in the New Sector Coalition. No one thought our coalition could win the 1989 election. We did not present our coalition as a way to win the election, either. We are showing something different in Uruguayan society based on a very important ethical principle: To be faithful to electoral results and avoid vote cooperatives or additions of votes to build coalitions. [passage omitted]

[EL OBSERVADOR ECONOMICO] Are you against the plebiscite to reform the BPS [Social Security Bank]? Do you not think it is good to avoid this type of reform in state accounting?

[Michelini] Let us leave that type of reform for the future. I disagree with the system of derogating norms retroactively. It will generate uncertainty in people who are 72 today and who retired six or seven years ago. The measure will leave hundreds of pensioners without a legal framework. It could even be interpreted as an obligation to return the money they received.

[EL OBSERVADOR ECONOMICO] There is a lot of talk about labor flexibility. Do you agree with it?

[Michelini] I think people who talk about labor flexibility do not know much about Uruguayan laws. If we compared our labor legislation with that of other countries, we would find that our labor laws are quite flexible.

In some private areas we have very strong unions, and we might have more complications, but I think all conflicts will end in agreements permitting labor peace and benefits for all workers.

[EL OBSERVADOR ECONOMICO] What do you think of the fact that public servants cannot be dismissed?

[Michelini] I think we must resort to a mechanism of bonuses and penalties and give public companies a chance not to have bad servants.

[EL OBSERVADOR ECONOMICO] Do you then think it would be good to be able to dismiss public workers?

[Michelini] If it is done with all guarantees. There must be a way to force bad public servants out of public office. It is the only way to defend the public administration.

[EL OBSERVADOR ECONOMICO] Do you think there is room for a social pact between workers, entrepreneurs, and government?

[Michelini] I think it is possible. But the public administration must make a great effort to reduce state spending, lower taxes, and, without a doubt, reduce the country's defense spending before it asks entrepreneurs and workers to make an extra effort.

Our defense spending is a central issue. The country cannot continue its current level of defense spending; it is a luxury we cannot afford.

[EL OBSERVADOR ECONOMICO] You have said that, in order to compete in Mercosur [Common Market of the South], we must reduce the size of the state. How do you intend to accomplish that?

[Michelini] Without a doubt, we must reduce the number of public employees, but not in a traumatic way. The National Party promised two things when it implemented its adjustment program: to increase taxes, which it did, and to reduce public spending, which it did not do.

The number of occupied positions increased and spending did not drop, but increased instead. We must reduce the cost of operating. This must be agreed upon by the political coalition that will govern the country after the election. We must reduce the number of public employees without reducing functions. Uruguay, naturally, lets some 10,000 public employees go every year. We are talking about people who retire, who die, who leave the country, or who resign because they have found another job.

[EL OBSERVADOR ECONOMICO] Social security spending is one of the state's largest items. What do you propose to do about this item?

[Michelini] The country will continue spending on social security what it spends now. We must try to encourage the country's growth so as to reduce the percentage of the country's production that is spent on social security. But the amount, even if inflation drops, will continue to grow. People below 45 years of age cannot retire the way the system is working today.

[EL OBSERVADOR ECONOMICO] What do you propose?

[Michelini] The system's reform includes a basic concept. It shows solidarity by guaranteeing a minimum pension. We must not touch acquired rights. There is another basic concept: Pensions must be directly related and linked with contributions, discounts, or the savings of an entire life.

[EL OBSERVADOR ECONOMICO] Are you talking about personal accounts?

[Michelini] Yes, personal accounts, such as a bank account. The system could be mixed, with compulsory savings in one or two areas and voluntary savings in a third area. The system's structure does not matter much. This must be the basic principle. There must be a direct relation between pensions and contributions. That is the basic principle. [passage omitted]

[EL OBSERVADOR ECONOMICO] What is your proposal for reactivating the industrial sector?

[Michelini] One action would be to realistically lower the tax burden. I agree that taxes must be lowered, but in return the political system must give a clear signal that expenses have been reduced. If I lower the tax burden and do not lower expenses, then I am going to increase inflationary pressure, thus harming the lower income sectors. I already have a high inflation rate today; I have to continue to lower that rate, and in order to do so, I must cut the state's expenses.

[EL OBSERVADOR ECONOMICO] Concretely, in what way can the industrial sector be reactivated?

[Michelini] In order to reactivate the industrial sector, Uruguay needs a macroeconomic policy and then a sectorial policy. The macroeconomic policy consists of reducing the fiscal deficit, lowering the expenditures of the state, and lowering inflation, of having clear policies and a currency in accordance with what must be and without abrupt variations. Of course, Uruguay has a weak economy and therefore one has to hope for a positive international situation.

Regarding the sectorial topic, Uruguay has to bank on the fact that the various sectors will do things well in order to compete with efficacy and efficiency, in other words, with excellent goods. We do not have to bank on any one sector, but on sectorial policies.

[EL OBSERVADOR ECONOMICO] Do you favor protectionism?

[Michelini] I favor state intervention, but the state has to do it well. When we speak about protectionism, we are speaking of generating additional income for an assigned sector. It is welcome when it is concise and concrete. When it is something that is maintained and the sector that is involved maintains itself with only that additional income, then I do not favor intervention because it is every Uruguayan who will end up paying.

[EL OBSERVADOR ECONOMICO] Argentina and Brazil are developing stabilization plans and their currencies are on a par with the dollar. Can something similar be done in our country?

[Michelini] Any type of shock policy in Uruguay would mean an increase in the fiscal deficit because social security expenditures would have to be increased.

[EL OBSERVADOR ECONOMICO] Was there any space left to negotiate privatizations after the 13 December 1992 referendum [when Uruguayans turned down President Luis Alberto Lacalle's privatization program]?

[Michelini] I believe that the whole topic has to be debated. We are willing to discuss the situation in the case of the state enterprises that are not monopolies. Moreover, we must find the right type of controls in the case of the public enterprises that are monopolies. Basically, it is a question of fighting the lack of efficiency in public enterprises.

[EL OBSERVADOR ECONOMICO] What importance do you attach to the financial system, and what kind of a role do you think it should play? Will you maintain banking secrecy?

[Michelini] I believe that the Bank of the Republic should change its role, adjust its expenses, and act as a development bank. The political sector must give it the guarantee that it will stop its requests for refinancing. Let the bank decide when refinancing is necessary.

On the other hand, I believe that guarantee mechanisms must be implemented to allow other sectors, the private sector for example, to grant loans with greater risk and long payment terms. And, here we have an idea, which was vetoed by the executive branch—something that I did not agree with—that pertains to the guarantee funds through which the young people would have access to bank loans. All those who obtain a loan would guarantee it with a small quota that would make the loan somewhat more expensive, but the system would allow more people access to loans, although the risk for the banking sector would be higher. [passage omitted]

[EL OBSERVADOR ECONOMICO] Will you maintain banking secrecy?

[Michelini] Unless the courts decide otherwise, I would maintain it as it is being maintained today.

[EL OBSERVADOR ECONOMICO] It is well known that you are against the plebiscite on the educational sector. What is your alternative for improving education?

[Michelini] Educational reform has two aspects. One is the linking of the educational sector as a whole to juvenile employment in order to give the new generations capability and skills to compete in a labor market that is not offering many prospects to young people. On the other hand, a reform is necessary because we have to change the fact that the 60 percent of the budget taken up by bureaucracy must be used for other things within the sector. Here we have to enhance the teacher and the professor, who come before budget problems. Therefore, the budget as it stands has to be reorganized, and why not? It should be increased by one or two points in the national budget, but always with the objective of doing away with bureaucracy. [passage omitted]

[EL OBSERVADOR ECONOMICO] Do you believe that the economic policy should be different in the next presidential period?

[Michelini] The fact is that the people do not understand that Uruguay is a very weak country with 3 million inhabitants, a few more than a Sao Paulo [Brazil] district. Thus, it cannot set all the economic conditions because many of them are imposed on it. This is why I criticize the current administration. It has not implemented what it promised, such as the reduction of public expenses.

[EL OBSERVADOR ECONOMICO] But as regards the overall economic policy, should it be changed?

[Michelini] The problem is that it is not the economy minister who outlines the policy; it is outlined for him abroad.

[EL OBSERVADOR ECONOMICO] Taking that into account, should the economic policy be changed?

[Michelini] No matter who wins, in view of the fact that political agreements must be reached, there will be no great changes. There are ways in which to propose things, and this is why I disagree with [Economy and Finance Minister Ignacio] De Posadas, because some serious errors exist: The fiscal deficit is one of them, and another is the fact the Salary Council has been abandoned since 1991 because an anti-inflation policy implies salary agreements in which the state intervenes and moderates expectations. And, what happened was that the positive shock from Argentina caused businessmen to approve salary increases because they did not want to lose the Argentine market. If the state had intervened, expectations would have been moderated, and we would now have a much lower inflation rate and a lower imbalance rate between the dollar and the peso. I believe in state intervention, but they heeded the book's proposals and they allowed the economic protagonists to set the price of one of the most important variables of an inflationary economy: The price of the salary.

[EL OBSERVADOR ECONOMICO] At any rate, returning to economic policy, do you observe any large differences with respect to what is being applied?

[Michelini] The country does not have many alternatives, but I believe that some things can be done in a better way. The expenses of the state could be reduced; a social pact could be implemented in which the state would intervene to moderate salaries and guarantee that basic prices are not changed. And such a state would not allow the parties to play at life and death, because it would guarantee prompts and compensation if the economic policy were not implemented as drafted. In addition, it would adopt an attitude of modesty, something that some of the ministries do not possess.

## Presidential Candidates Back National Accord

*PY0311104294 Montevideo EL PAIS in Spanish 27 Oct 94 p 1*

[FBIS Translated Text] Wilsonist Current presidential candidate Carlos Julio Pereyra on 31 October made a call to all presidential candidates to sign a grand national agreement before the national election in order "to define state policies in areas that today hinder national development."

Presidential candidates yesterday participated in the television program "De Igual a Igual" conducted by journalist Omar Gutierrez, and agreed on the need to work for constitutional amendments on social security, education, and state organization.

The candidates could not agree, however, on the possibility of signing a national agreement before the election, even though National Party candidates Alberto Volonte and Carlos Julio Pereyra, Colorado Party candidate Jorge Batlle, and New Sector Alliance candidate Rafael Michelini have already named their representatives "to start working on the proposals."

Luis Eduardo Mallo (Volonte's group), Alejandro Atchugarry (Colorado Party List 15), Ana Lia Pineyrua (MNR) [National Party's National Rocha Movement], and Gabriel Courtoisie (New Sector Alliance) were the names mentioned yesterday by the candidates, who confirmed their intention to start working on concrete points of an agreement.

Batllist Forum candidate Julio Sanguinetti did not want to risk the possibility of reaching an agreement before the election while Tavare Vazquez rejected Pereyra's invitation during a rally in Belverede last night. Both candidates, however, stressed the need to maintain governability.

Herreraist faction candidate Juan Andres Ramirez said he preferred that agreements be made after the election, as part of a coalition government.

Pereyra told EL PAIS that "after this television program I am not only taking with me the satisfaction that the idea was welcomed and accepted, but also the confirmation that the common denominator of all problems we want to solve and all difficulties we want to overcome is increased productivity."

After the television program the Rocha Movement leader received a letter from Colorado and Batllist Union (UCB) presidential candidate Jorge Pacheco Areco expressing thanks for Pereyra's invitation and expressing his willingness to work together on specific issues.

## New Armed Forces Operations Manual Approved

*PY0311011694 Montevideo BUSQUEDA in Spanish 2 Nov 94 pp 14, 15*

[FBIS Translated Text] Military spokesmen have told BUSQUEDA that the Uruguayan Army has prepared—and is ready to implement—a new manual on the way to use its military potential in cases of war, antisubversive operations, peace missions, and civilian actions.

The manual was elaborated within the framework of the Armed Forces reorganization ordered by President Luis

Alberto Lacalle and implemented in the Army by Lieutenant General Daniel Garcia. A group of officers elaborated a document establishing guidelines on the way the Army should get involved in military actions. The sources assured us that Garcia has already signed the document.

Thus far the Uruguayan Army has been using a mixture of French, U.S., and Brazilian manuals to guide their activities. The new document, called "Manual on Army Operations Doctrine," establishes "what our position should be relative to the different peace missions that are being proposed, how we should implement dissuasive tactics in the event of war, which methods we should use in case of subversion, and how we can face civilian actions," a military spokesman said.

"The political power decides in which cases and when we should act, but this manual specifies how to act," the spokesman said.

—New deployment. This document will be edited at a time when Garcia, who is hurrying to deepen the Army reorganization process, has already ordered the Army to start deploying troops throughout the national territory to take care of what he considers to be the needs of our times.

The military chief ordered 80 soldiers from the Eighth Mechanized Cavalry Regiment based in Melo (Cerro Largo) deployed near Acegua, on the border with Brazil.

When Interior Minister Angel Gianola proposed some time ago the creation of a "national guard," he said the force—an intermediate force between the Army and the police—would have, among other functions, the control of borders.

Garcia also wants very few military units based in Montevideo's urban areas. "Many Army units were installed near Montevideo dozens of years ago, but the capital grew with the passage of time and the units are now located in the wrong surroundings," an officer said.

Garcia has already anticipated that some units based in Montevideo will move to Santa Lucia, the city of Canelones, and Canelones Department's northeast. Garcia has already ordered the Sixth Cavalry Regiment based in Piedras Blancas moved to San Ramon (Canelones).

—Moving and eliminated. Some units have already been affected by the reorganization and were taken out of Montevideo's limits. The Veterinary and Remount Service moved from the area of Cerrito de la Victoria to the First Military Grounds located in Los Cerritos, also in Canelones. The Army Parks Service that operated from downtown Montevideo was moved to the Santa Teresa National Park (Rocha).

The reorganization provoked changes and eliminated services that the Army had performed in Montevideo in an effort to make the Army function like an "enterprise," as Garcia defined it. Already transferred were the Fifth Infantry Brigade, the Florida Battalion, the Civil Defense Quartermaster, Shooting, and Physical Education services, units of the Administrative Support Command, Materiel and Weapons Service installations, and military canteens.

Garcia also eliminated the Coordinating Agency for Antisubversive Operations (OCOA), the cavalry units, the training conducted by these units, and the Engineering and Communications departments. He also placed the Army Intelligence School and the Counterinformation Company under his direct orders.

Garcia unified military services' financial administration. During this period the Center for Advanced National Studies (CALEN) was taken from under the Army and placed under the Defense Ministry.

The sources said the Army also adopted other measures modifying the usual Army training concepts, such as the use, for the first time, of computers in administration and in the so-called "war games" (training in military tactics).

For the first time the Army elaborated a map of the national territory at a scale of 1/50,000, and the professional training of noncommissioned officers includes English as a non-elective course.

The sources said that thanks to the vehicles provided by Germany, we will be able to "motorize the entire Army." Steps were also taken to mechanize infantry and cavalry units.

—"Change." Lacalle's decision as the head of the executive branch and Garcia's attitude as Army commander "provoked a change in the history" of this military force that will be "very difficult" to reverse in the future, sources close to the military chief said.

According to the sources, generals' resistance to some changes ordered by Garcia "is fading away" and "current operations show that despite those changes, the Army continues operating, and operating well, and protests are quieting down."

"These people will slowly understand that the problem here is not to change, because an organization that does not change dies, disappears," the sources said.

## Correction to Sanguinetti Views Privatization

*PY0111213894*

The following correction pertains to the item headlined "Sanguinetti Views Privatization," published in the 1 November Latin America DAILY REPORT, pages 51-52.

Page 52, column one, third paragraph, first through third sentence reads ...discussed pragmatically. If we are losing money somewhere, we will see if there is any justification for subsidizing it. If the service is not worth subsidizing, then let us privatize it."... (rewording)

## Venezuela

### Government Issues Protest to Colombia Over Attack

*PA0311033194 Caracas EL GLOBO in Spanish 2 Nov 94 p 10*

[Quotation marks as published]

[FBIS Translated Excerpt] The Venezuelan Government called on the Republic of Colombia to "take the necessary measures in its territory to meet its bilateral agreements on border security that it has concluded wilth the Venezuelan authorities," and "prevent Colombian subversives' actions from spilling over into" the national "territory."

In a communique, the foreign minister "reiterated his call to the Government of the Republic of Colombia and expressed "his most profound concern for the attack in Apure State by Colombian guerrillas against Venezuelan Army personnel on a patrol mission to safeguard national sovereignty."

"The terrorist action caused the deaths of two soldiers, while one officer and five soldiers of our Armed forces were wounded," indicates the text issued by the Foreign Ministry. [passage omitted]

### Colombia Expresses Condolences

*PA0311033694 Caracas Venezolana de Television Network in Spanish 1600 GMT 2 Nov 94*

[From "The News" Newscast]

[FBIS Translated Text] The Colombian Government, through its diplomatic mission in our country, has presented to President Rafael Caldera its condolences for a clash between Colombian guerrillas and Venezuelan troops in Chacara, at the border area.

[Begin Ambassador Alberto Casas Santamaria recording] We must voice our profound sadness and our anger, because we could not prevent this incident. As you know, this involved cowardly guerrillas who attacked from behind and by surprise. The president of the Republic asked me to convey to President Caldera our determination to redouble efforts and secure all the necessary resources to punish those who committed these murders. [end recording]

Despite all the promises of the Colombian Government to intensify the search of the guerrillas who attacked the Venezuelan Army post, our National Guard reinforced its presence along the borders with the neighboring country. Adriana Cabrera filed this report:

[Begin recording] [Cabrera] Military operations at the Colombian-Venezuelan border were intensified in view of the possibility of new guerrilla attacks. For the second time in the past three days, a group of about 24 men, apparently from the Army of National Liberation of Colombia attacked Task Force 1.1 of the Venezuelan Army in the state of Apure. As a result, two guerrillas and two Venezuelan soldiers died, and five military officials were injured.

[Unidentified speaker] There is no doubt that all units that are at the border area must now remain on alert, because this means that there are Colombian guerrilla actions in Venezuelan territory. Our units and the units of other forces already reacted to this not only by searching for the guerrilla group involved in this attack but also by trying to prevent new attacks. [end recording]

### Colombian Defense Ministry Issues Communique

*PA0311035594 Caracas Union Radio Network in Spanish 2200 GMT 2 Nov 94*

[From the "Union Radio News" newscast]

[FBIS Translated Text] The Colombian Defense Ministry issued a communique stating it regrets the incidents that occurred on the Colombian-Venezuelan border. The neighboring nation extends its condolences to the Venezuelan people for the death of two soldiers, as a result of a guerrilla attack. The communique indicates that these appalling attacks reinforce the need to strengthen the ties between both nations to cooperate in the struggle against subversion and carry out joint operations to prevent these episodes on the border.

Venezuelan Defense Minister Rafael Angel Montero Revette points out that the Colombian guerrillas attacked Venezuelan soldiers in an attempt to gain control over contraband activity. The minister reports that the Task Group 1.1 of the Armed Forces' United Command controls the contraband of food and gasoline. Montero Revette said that this is one of the hypothesis being considered regarding the ambush against the Venezuelan military convoy. The Armed Forces maintains a permanent patrol on the border, even several Air Force planes participate.

In the opinion of Special Minister Pompeyo Marquez, Venezuela must demand from Colombia a more decided action in its struggle against the guerrillas on the border.

[Being Marquez recording, in progress]...supplementing the Foreign Ministry communique, we are appending this to it. This includes some statements made [words indistinct] in which I underlined the absence of the Colombian authorities at the border with Venezuela. This is a factor [words indistinct] in the relations between our nations. I have been saying this throughout the negotiations with Colombia and we specifically mentioned this during the interview that President Caldera and his ministers held with President Ernesto Samper. [end recording]

Pompeyo Marquez added that on 17 and 18 November, he will meet with the Colombian minister of border affairs.

### Minister Rules Out Withdrawal of OPEC Candidate

*PA0311042894 Caracas Union Radio Network in Spanish 2200 GMT 2 Nov 94*

[From the "Union Radio News" newscast]

[FBIS Translated Text] Energy and Mines Minister Erwin Arrieta has said that Venezuela will not withdraw its candidacy to OPEC's Secretariat General. Up until now, Arilio Parra's candidacy to the post of OPEC secretary general has secured the support of 11 [word indistinct] total amount of votes required to secure the organization's secretariat general. This represents a landslide majority that up until now has been blocked by one nation's rejection.

Given this situation, Minister Erwin Arrieta thinks there is no justification to withdraw Parra's candidacy for that post arguing that a change in the electoral system would be more probable.

[Begin Arrieta recording] Venezuela stands behind its candidate Alirio Parra. He is considered a good candidate. He has good relations with the majority of the OPEC members, he is considered a good candidate. [passage indistinct] so much so that [words indistinct]. He has received the support of 11 members of the 12. This represents an acknowledgement of his capacity and [words indistinct]. To withdraw Alirio Parra's candidacy with the support of this magnitude would [words indistinct] the best decision. [end recording].

The minister appeared totally against the sale of Venezuelan Petroleum shares. Erwin Arrieta thinks this goes against our doctrine principles as it would [words indistinct] part our petroleum fields, which is expressly reserved for the nation in the Venezuelan [word indistinct].

### Student Protest Turns Violent in Trujillo

*PA0311033094 Paris AFP in Spanish 2022 GMT 2 Nov 94*

[FBIS Translated Text] Trujillo, Venezuela, 2 Nov (AFP)—Student demonstrations protesting increases in public transportation fares led to violence today in Trujillo, a city in the Andean mountains some 400 km southeast of Caracas. Reports state that the authorities closed down several schools.

Three weeks ago, violent demonstrations shook Caracas, the industrial city of Valencia, the oil city of Maracaibo, and midwestern Barquisimeto, to protest public transportation fare increases that did not consider special student rates.

The street violence in Trujillo coincided with a strike by Andes University workers.

Students began a protest march in the morning, but violence broke out, forcing businesses to close their doors for fear of looting.

The students clashed with riot police, who managed to disperse the demonstration.

### Congress Approves Additional Funding Request

*PA0311044594 Caracas Venezolana de Television Network in Spanish 1600 GMT 2 Nov 94*

[From "The News" newscast]

[FBIS Translated Text] A joint session of Congress has approved part of the additional funds requested by the executive branch, totaling more than 109.0 billion bolivares. The financial commissions at the Chamber of Deputies and the Senate are evaluating the remaining portion. The same joint session will hear a report on the draft bill regulating the currency exchange system. The report will be discussed over the next 15 days. It was also learned that the parliamentary session will be extended until 14 December.

### Roundup of Economic Developments

*PA0311041394*

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 1 Nov 1994.

The Central Bank of Venezuela, BCV, will sell zero coupon bonds worth 55 billion bolivares on 26 October, which will be valid for 91 days and will expire on 27 January 1995. The BCV announced that the minimum acceptable offer is 10 million bolivares for each bond, and each bidder can make up to five offers. (Caracas Union Radio Network in Spanish 2200 GMT 25 Oct 94)

In a Caracas-datelined item, NOTIMEX reports that on 26 October, the South Korean industrial group Hanbo announced it will invest $400 million in Venezuela starting next year for the installation of two iron ore processing plants. The project, which will be carried out jointly with the Venezuelan Guayanan Corporation, CVG, seeks to increase steel production from 1 million to 3 million tons per year, which will be entirely exported to South Korea. (Mexico City NOTIMEX in Spanish 2203 GMT 26 Oct 94)

CVG President Alfredo Gruber informed the Chamber of Deputies Special Commission for Basic Enterprises in Guayana that during the first six months of 1994 this enterprise lost 52.388 million bolivares, while its income was only 15.130 million bolivares. (Caracas EL REPORTE DE LA ECONOMIA in Spanish 26 Oct 94)

The Finance Ministry has announced that Venezuela will pay interest on its foreign debt with treasury bonds. The government will refinance interest payments on its foreign debt totaling 90 billion bolivares, for which treasury bonds will be issued in dollars and bolivares for a total of 160 billion bolivares. (Caracas Union Radio Network in Spanish 2200 GMT 28 Oct 94)

The government has estimated a 2 percent economic growth in 1995, which would stop the reduction in the Venezuelan workers' real income. Coordination and Planning Minister Werner Corrales said the GNP is expected to fall to 3.4 percent this year. (Caracas Union Radio Network in Spanish 2200 GMT 30 Oct 94)

Venezuela will double its oil production by the year 2000, based on PDVSA plans through contracts with the private sector. The main areas to be open to private capital will be the Orinoco Oil Belt and the production of heavy and extra-heavy crude oil. (Caracas Union Radio Network in Spanish 2200 GMT 30 oct 94)

According to a report by the Statistics Directorate of the Central Statistics and Data Processing Office (OCEI), Venezuelan imports for January through September amounted to $5.9 billion, representing a drop of 32.2 percent compared to the same period in 1993. (Caracas ECONOMIA HOY in Spanish 29 Oct 94 p 8)

Official sources reported that government experts estimate that the price of gasoline will rise to an average of approximately 19 to 20 bolivares per liter. In addition, the proposal to set the tax on luxury items and wholesale sales (Impuesto al Consumo Suntuario y Ventas al Mayor—ICSVM) at 15 percent for 1995, has been recalculated at 12.5 percent as planned earlier this year when the discussions on the 1995 budget began. The proposal to present a budget figure of close to 2,838,261,000,000 bolivares was rejected. Any increases that appear next year will be proposed as additional credits. The estimated 1995 budget figure of 2.641 trillion bolivares means that there will be a 7-percent reduction in comparison to last year's figure. (Caracas ECONOMIA HOY in Spanish 29 Oct 94 p 8)

Domingo Maza Zavala, member of the Exchange Administration Board and of the Venezuelan Central Bank's board of directors, has stated in Caracas that as long as he is a member of the Exchange Administration Board, there will be no more changes in the exchange rate in the remainder of the year. Maza Zavala was thus reacting to a statement from Central Bank President Antonio Casas Gonzalez who said that the bolivar is overevaluated and that by the end of 1994, the dollar will be worth 180 bolivares. (Caracas EL UNIVERSAL in Spanish 30 Oct 94 p 1-2)

The Exchange Administration Board has extended to 31 December the authorization for shipments of all types to enter the country even if the importers do not have permission to buy dollars. The paperwork to obtain the dollar can be done afterward. In addition, exporters have up to 31 December to register their names in the special registry kept by the Technical Exchange Administration Office. In both cases, it is a three-month extension and it will be the last one. (Caracas EL UNIVERSAL in Spanish 29 Oct 94 p 1-2)

A Caracas-datelined report discloses that the Venezuelan employment rate was 53.3 percent in the second quarter. This figure is based on a labor force of 7.9 million people, OCEI announced in Caracas on 31 October. It is estimated that of this labor population, 42 percent gets the minimum wage of approximately $82 per month. (Paris AFP in Spanish 2003 GMT 31 Oct 94)

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